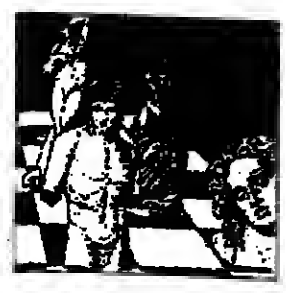
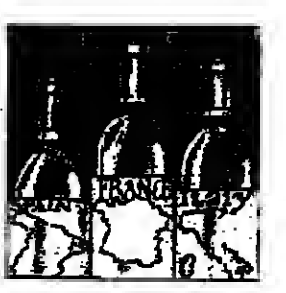


السنة من الايام



Right moves
Elected student leaders think university life already makes too many concessions to minorities



The wine list
Janet Robinson begins her seasonal recommendations. This week: which reds you should be buying

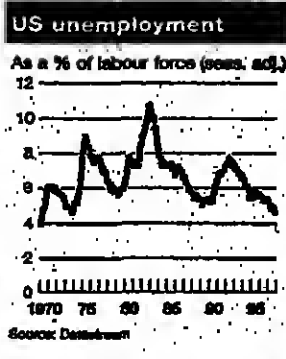
<http://www.FT.com>

US jobless falls to lowest level for 24 years

Interest rate rise thought unlikely while Asian financial crisis persists

By Gerard Baker in Washington

Unemployment in the US fell to its lowest level in 24 years last month as the surging economy shrugged off the crisis in Asia and continued its record-breaking expansion.



provoke inflation. The proportion of Americans in work - at 64 per cent - is the highest ever.

The jobless rate dropped to a seasonally adjusted 4.6 per cent in November, the Labor Department reported yesterday, driven by an increase in non-farm payrolls of 404,000 - the biggest leap in nearly two years.

Of the potential inflationary implications, the Fed was unlikely to raise rates while the financial and economic crisis continued in Asia. "In ordinary circumstances the Fed would tighten at the December 16 meeting [of its open market committee] but we don't expect it to do so," said Bruce Stenberg, chief economist at Merrill Lynch, the New York investment bank.

The number of jobs created last month was the highest since February 1996 and average monthly payroll employment increases in the last three months have been 330,000, a sharp acceleration from the already rapid pace of growth earlier this year.

In October, before the crisis deepened, Alan Greenspan, the Fed chairman, warned the economy was on an unsustainable track and hinted that continued strong jobs growth would prompt the Fed to raise short-term interest rates.

The figures initially raised fears in financial markets that the Federal Reserve might be forced to raise interest rates this month to head off inflation. Bond prices fell sharply on the news, stock prices in New York were lower at the opening, and the dollar soared, rising above ¥130 against the Japanese yen for the first time in five and a half years.

But the jobs report has highlighted the dilemma facing the US central bank as it continues to watch the labour market stretched to limits that seem certain to

But following the sharp fall in Asian stock markets and turbulence in US markets, Mr Greenspan revised his judgment, saying the effects on the US economy were likely to be salutary, suggesting they would slow demand by enough to obviate an interest rate rise.

Fed officials are also keenly aware that any increase in US interest rates could further destabilise global markets.

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On their toes
Jamaica's coach had to loosen up his players by teaching them that playing football was like dancing



Vital volumes
Books of the year: from biography to fiction, art to politics, sport to food and drink



Tony Blair, UK prime minister, launched Britain's presidency of the European Union at the Eurostar terminal in London's Waterloo station yesterday by unveiling its logo. The Eurostar train runs through the Channel tunnel between Britain and France. The logo was partly designed by children of the 15 member states Page 5

Soccer spurs Iran before conference

By Robin Allen

Not since the return of Iran's Ayatollah Khomeini from exile nearly 20 years ago has Tehran witnessed such emotional scenes as those sparked by the country's shock qualification for soccer's World Cup finals.

Hussein Rafsanjani, whose government was responsible for the arrangements until it left office last August. Some 2,000 delegates from the OIC's 55 member states are expected to attend - plus a further 15 "special guest" delegations - at what is the biggest international event in Iran since the Islamic revolution.

The prospect of playing in France in 1998 - with a first-round clash against the US - has sent the entire nation into a frenzy. Thousands of female soccer enthusiasts defied the government last week and joined more than 100,000 of their male compatriots in Tehran's Azadi national stadium to welcome the team back from Australia, where it had clinched a place in the finals.

Key topics will include discussions on how to "consolidate" the image of the OIC; boost confidence between its member states; find ways to solve regional conflicts in the Middle East, Afghanistan, Somalia and Azerbaijan; and improve trade and economic links between Islamic countries. Speeches are likely to be laced with stinging denunciations of the US and Israel.

Now the authorities hope there may be an unexpected side-effect - the boosting of the morale of civil servants and contractors struggling to complete preparations for a high-level Islamic summit starting in Tehran on Tuesday.

The venue for plenary sessions is the new international trade centre, still being completed in north Tehran. The brainchild of the Shah, who wanted facilities for up to 1,000 people, the project had got no further than the architect's drawing board by the time he was ousted.

For the government of Iran there is no doubt which of the two prestigious international events is more important, even if the people beg to differ.

The plans were dusted off five years ago and inspected by Mr Rafsanjani, who ordered the centre's capacity to be doubled. Iran's harassed officials have asked OIC states to confine their numbers to a total of 25 per member. Under pressure, Saudi Arabia has whittled its delegation down from 250 to 175.

Preparations for next week's summit of the Organisation of the Islamic Conference (OIC) - at which Tehran will play host to 35 heads of state - could do with an injection of the soccer fans' fervour.

Even at 25 a piece, it is doubtful whether there would be enough official Mercedes cars to transport all but the most senior delegates.

Markets rally as Malaysia launches tough austerity plan

By James Kyng in Kuala Lumpur

Malaysia yesterday announced a sharp austerity package and a promise that "agony" businessmen will no longer be bailed out.

least 18 per cent next year - with an immediate reduction of 10 per cent.

The moves, set out by Anwar Ibrahim, deputy prime minister and finance minister, mark the country's most important policy shift since south-east Asia's financial crisis began in July. In late trade yesterday the ringgit, in virtual free-fall this week, gained nearly 5 per cent to M\$3.695 against the US dollar. Stock prices rallied, with the key index climbing 5.47 per cent to 6074 points.

"This is a watershed. It is almost an IMF [International Monetary Fund] package without the IMF," said the head of one brokerage house in Singapore.

As financial turmoil has rippled across Asia, the IMF has stepped in with aid packages for Thailand, Indonesia and a record \$67bn rescue plan for South Korea. Malaysia has pledged to resist calling in the IMF.

Mr Anwar has revised growth forecasts for this year downwards from 8 per cent to 7.5 per cent, and for next year from 7 per cent to 4.5 per cent.

He pledged to reduce the nation's current account deficit to 8 per cent of gross national product in 1998 against the 4 per cent target in October's budget.

Federal government spending is to be cut by at

least 18 per cent of gross national product in 1998 against the 4 per cent target in October's budget.

Seoul details IMF bail-out conditions, Page 3

Tobacco legal threat

The German government is threatening legal action against the European Union's proposed ban on tobacco advertising. Chancellor Helmut Kohl described the planned measure as "incomprehensible". Several tobacco companies including Imperial are also considering a legal challenge, with the European magazine publishers' federation saying that it would "fight this unfair measure all the way". Page 2

Taking stock of a benchmark divorce: A 450-page legal opinion from a Connecticut judge brought to a close the most acrimonious and heavily publicised US divorce case in years, with much emotive testimony from both GE Capital chief executive Gary Wendt, and Lorna, his wife of 30 years. But in a development which speaks volumes about the state of wealthy Americans, the outcome hinged on an arcane dispute over how to value stock options. Page 4

Debate over genetic research: In the debate on the explosion in genetic research, many are expressing moral doubts about its future applications. But what is happening in reality is a striking contrast to the nightmare scenarios many think such advances might lead to, with genetic testing already eradicating inherited disease in ways that appear to meet public approval. Page 5

Tennis tackles tournament tangle: The Association of Tennis Professionals has moved to streamline its tangled array of tournaments and titles. The changes would mean the public, bemused by the rankings and the plethora of meaningless events, would at last be able to understand how professional tennis works. However, persuading players change is needed has not been easy. Page 4

Woman in the News

Sonia Gandhi

After her husband Rajiv's assassination, Sonia Gandhi resisted pressure to lead the Congress Party but nevertheless became one of its most influential figures. Now Congress is courting this Italian-born woman again, believing she could be an election winner. So far she has remained silent. Page 7



\$394m Yasuda pledge

Japanese government and business officials scrambled to avert another financial failure in Japan amid market unease about the health of Yasuda Trust Bank, the country's fourth-largest trust bank. Yasuda Trust's business allies pledged to contribute ¥30bn (\$394m) in a capital-raising exercise after the company announced more restructuring, including a withdrawal from overseas commercial banking operations. The Bank of Japan also continued to flood the market with liquidity to try to avoid a credit squeeze at groups such as Yasuda. Page 24

Go-ahead expected for new Airbus: Airbus Industrie is expected to go ahead with the \$2.5bn development of two new aircraft in spite of the UK government's refusal to help fund the project. Industry observers say British Aerospace, one of the four Airbus partners, has had talks with foreign manufacturers about moving some of its work on the new aircraft abroad if the UK government does not change its mind. Page 2

UK soccer club enters debt market: Chelsea became the first UK soccer club to enter the debt market when Chelsea Village, its holding company, issued a \$750m (£326.25m) eurobond. About £35m of the proceeds will go on developing the 12.5-acre Chelsea Village site in London - thought to be worth about \$50m - which includes the Stamford Bridge soccer ground. Chelsea is barred from using any of the eurobond proceeds to buy players. Page 22

Privatisation falls victim to 'millennium bug': The biggest Dutch privatisation of the year estimated at F1.3bn (\$650m) collapsed when information technology company Geomatics, the bidder for state computer services agency Roccade, said legal worries from the "millennium bug" made it too risky to proceed. The case is a striking example of the difficulties faced by the IT sector because of the inability of older software to distinguish between the years 2000 and 1900. Adam Taylor, a partner at London law firm Withers, said: "This is becoming more and more an issue in takeovers." Page 24

Kroll blows its cover: Kroll Associates, the private company of legendary corporate sleuth Jules Kroll and one of the most successful investigative firms operating in a world of secrecy and discretion, has come out of the shadows and into the glare of public company status through a merger with O'Garra, a publicly traded US security company which specialises in building bomb and bullet-proof limousines. Page 23

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NEWS: INTERNATIONAL

Bonn may challenge tobacco advert ban

By Our International Staff

The German government yesterday threatened to take court action against the European Union's proposed ban on tobacco advertising. Chancellor Helmut Kohl branded the deal reached by ministers late on Thursday to ban tobacco advertising as "incomprehensible".

Germany was one of four countries that opposed the ban or abstained in a vote on the European Commission's proposed directive, which aims to phase out tobacco advertising and sponsorship by October 2006.

However, the support of the 11 other nations provided just enough votes for a qualified majority for the

measure, which, barring a successful legal challenge, is expected to become law next year or in early 1999.

Several tobacco companies, including Imperial Tobacco, are also considering a legal challenge, which the Commission is confident of fending off.

The ban was criticised by industries hit by it. The European Magazine Publishers' Federation said it would "fight this unfair measure all the way". The German cinema industry said the ban could close a quarter of its outlets.

Under the proposals, cinema and billboard advertising would be banned three years after the measures are adopted. Newspaper adverts

would cease a year later and most sponsorship a year after that, although sponsorship of "world events" could continue for another three years.

The "world events" proposal helped secure the support of the UK, which wants to protect Formula One racing until alternative sponsors can be found. The British government said it was an excellent result.

In Germany, Horst Seehofer, federal health minister, said Bonn had "fundamental political and legal doubts" about the ban. It may have breached the principle of "subsidiarity", whereby decisions are taken by the lowest level of government possible. Germany would not decide

whether to pursue a case in European courts until after the ban had been finalised and passed the European parliament. But it was far from clear that EU-wide action was appropriate when advertising did not cross borders.

In Spain José Manuel Romay Beccaría, health minister, said he personally was in favour of a more rapid timetable for banning advertising and indicated his country might bring some of the measures into effect before the agreed deadlines.

His stance added to speculation about Spain's last-minute decision to abstain in the Thursday night vote along with Denmark. Spanish officials said the

government did not wish to see the plans adopted against opposition from Germany and Austria. They would not say whether Mr Kohl had contacted José María Aznar, Spanish premier, before the meeting.

There was speculation of a deal between the two men ahead of a European summit next week. In the UK, the pressure group Action on Smoking and Health claimed the Spanish U-turn was linked to plans to privatise the national tobacco industry. The Spanish government denies such claims.

Thursday's vote was carried because of a last-minute change of mind by Greece. Previously against a ban, it was won over by a conces-

sion that will allow tobacco kiosks to advertise outside as well as inside the premises. This exemption will be permanent.

Padraig Flynn, EU health commissioner, who steered the ban through, said it would improve the working of the EU internal market.

In the US, a tobacco deal that may go through Congress next year would include a ban on sports and arts sponsorship. The Food and Drug Administration has already used its licensing of nicotine as a drug to introduce some bans on advertising and sponsorship. Key parts of the regulations were overturned in courts last April but an FDA appeal should be decided shortly.

NEWS DIGEST

Defiant Botha wins delay

P.W. Botha, former president of South Africa, yesterday gained a two-week respite from testifying about human rights abuses under the apartheid regime after the country's Truth Commission made a mistake in its subpoena.

Archbishop Desmond Tutu, the commission chairman, led a procession of journalists through the streets of Cape Town to the office of the attorney-general, Frank Kahn, to lay charges against Mr Botha for failing to appear yesterday. Ignoring a commission subpoena carries a maximum sentence of two years in jail or a fine.

Mr Kahn said charges would not hold because the subpoena ordering Mr Botha to appear did not stipulate a time. Archbishop Tutu said a new subpoena would be served later ordering him to appear on December 19.

Mr Botha has been called to testify on the activities of the apartheid government's state security council, which he led as president.

Reuters, Cape Town

ISRAELI UNIONS

Strikes to resume tomorrow

Israel's unions yesterday said they would resume nationwide strikes tomorrow, a working day, after suspending them yesterday afternoon following three days of strikes which have paralysed the economy.

The strikes, organised by the Histadrut, the trade union federation, shut down the international airport, railways, ports, government offices, banks and state-owned companies. They were called after the union and the finance ministry failed to reach agreement for pension reform and the government's privatisation plans. The union had earlier defied a back-to-work order by the labour court in their bid to put pressure on the finance ministry to make concessions.

Judy Dempsey, Jerusalem

PALME MURDER

Prosecutors seek retrial

Swedish state prosecutors yesterday filed for a fresh murder trial of the alleged assassin of Olof Palme, the prime minister murdered in 1986.

Prosecutors told the Supreme Court that new evidence had emerged that justified a retrial of Christer Pettersson, the 50-year-old Swede who was convicted but later acquitted of the murder in 1988.

The court, which has received a 33-page submission on the assassination from prosecutors, could order a new trial next year. Legal experts in Stockholm, however, said the case against Mr Pettersson remained largely circumstantial. He was acquitted eight years ago after an appeal court decided there was insufficient evidence against him.

Tim Burt, Stockholm

CZECH POLITICS

Coalition parties to try again

Václav Klaus, the Czech prime minister, said yesterday the three parties of the ruling coalition would try together to form a new government without any other political groups.

However, Mr Klaus, who resigned with his cabinet last Sunday over a party funding scandal, told a news conference after talks among the three parties which made up the old government that it was not clear whether any such new administration could survive until scheduled elections in 2000.

President Václav Havel said he wanted to avoid having to call early elections and that a new cabinet should come from the current centre-right ruling coalition.

"I am of the opinion that the new government, even a temporary government, must come out of the initiative of the current coalition and enjoy its support," Mr Havel said.

Reuters, Prague

FINANCIAL SERVICES

Malaysian offer to insurers

Malaysia yesterday formally tabled its long-awaited offer in the World Trade Organisation talks to liberalise financial services markets, due to conclude next Friday. The offer permits foreign insurers to take a majority 51 per cent interest in Malaysian insurance companies, from 49 per cent now.

However, Malaysia has refused to guarantee existing foreign stakes over that level, despite heavy US pressure. The fight by American International Group (AIG) of the US to retain its wholly owned branch in Malaysia has become a big obstacle in the negotiations.

Frances Williams, Geneva

US-EU SUMMIT

Police co-operation 'slow'

The US and European Union agreed yesterday to deepen their co-operation in police matters - in spite of frustration in Washington over what it sees as the slowness of European countries to co-ordinate their own efforts in this field.

At a US-EU summit, part of an effort to broaden transatlantic relations, the two sides pledged to exchange law enforcement officers, and in particular to combat the "white slave trade" in women from eastern Europe lured to other countries to work as prostitutes.

The US and EU have already been working together to crack down on the drug problem in the Caribbean. But US officials say they are disappointed by the slow progress of European Union interior ministries' attempts to pool their crime-fighting efforts. The US had no views to offer on how exactly European institutions should function, but transatlantic co-operation would be easier if there was a clearer structure on the EU side, said one senior US official.

Bruce Clark, Washington

SURINAM DICTATORSHIP

Plan for 'truth commission'

Surinam will establish a South African-style truth commission to investigate reported murders and human rights abuses under the military dictatorship in the 1980s of Desi Bouterse, who took power after overthrowing the elected government. Partial or full amnesty has been promised to anyone who confesses to the commission.

The commission will also investigate the murder at an army camp in 1982 of 15 opponents of Mr Bouterse, including several journalists. The former strongman had previously prevented investigations into the reports of murder and other abuses when he ruled the former Dutch colony of 400,000 people, located in north-eastern South America.

Carmel James, Kingston

CANADIAN STRIKE

Mailmen promise free post

Angry Canadian postal workers have returned to work vowing to process mail for free during the Christmas period to protest against federal legislation that forced them to end their two-week strike. The leader of the postal union said that given the backlog of mail that had piled up during their strike, workers would be too busy to check postage on letters and packages.

Back-to-work legislation passed this week provided 45,000 workers with a small rise, but threatened heavy fines for those who did not comply. Canada Post wants to trim C\$200m (US\$141m) in costs, which the union argues will result in 4,000 job losses.

Scott Morrison, Toronto

Ireland may revalue for euro

By John Murray Brown in Dublin

This week's Irish budget has increased speculation that the government will revalue the Irish pound's mid-rate in the exchange-rate mechanism, as part of its preparations for joining the European economic and monetary union.

Ireland is the only EU member whose mid-rate is markedly out of line with its market rate - a difference of around 6 per cent.

Mid-rates are widely expected to be set as the benchmark for currencies entering the euro.

But with the fiscal stimulus of Wednesday's budget, economists think the case has been strengthened for a revaluation from the current DM2.41, close to the market rate - DM2.50 yesterday.

The government faces a dilemma. By revaluing and locking itself in at the higher rate, Ireland is in danger of exposure to future sterling weakness, which would impair Irish competitiveness. David Croughan, chief economist at the Irish Businessmen's and Employers' Confederation, said: "On the political front, we are banking on sterling falling. And so far it hasn't obliged. On the other hand if we try to go in [with] the current mid-rate, there are considerable inflationary risks."

Dublin is coming under pressure from the German and French governments to address the issue before the announcement is made in May on the mechanism for joining the euro.

Eunan King, of NCB brokers, said the budget's 3 per cent inflation target was "not tenable" if the currency was projected to fall in coming months in line with a depreciation on entering at DM2.41. "In that case the 1998 inflation rate would be approaching 3 per cent and heading north of there in 1999. The budget documentation may contain the first official hint of revaluation," he said.

The budget is estimated to add a stimulus to GDP of around 1 per cent. With interest rates falling, Mr King said it would be reckless for the government to devalue.

Inflation is currently at less than 2 per cent, the lowest in the EU, and has remained low despite the appreciation of sterling. The UK is Ireland's biggest trading partner.

Yeltsin wins a round in budget battle

By John Thornhill in Moscow

Boris Yeltsin yesterday made an unprecedented but decisive intervention to cajole the country's MPs into accepting the 1998 draft budget at its first reading.

Speaking from the podium in the lower house of parliament for the first time, the Russian president said that the whole world was watching the outcome of the vote, while international financial markets were in a fever.

"There is not a more important question you have discussed this year," he said. "Not just Russia but the whole world is watching. Everything depends on this budget. It is a question of whether the rouble will collapse or hold up and remain firm."

Mr Yeltsin's last-minute intervention swung the debate the government's way and parliament passed the outline budget by a vote of 231 to 136. But he accepted MPs would have to renegotiate several aspects of the budget before its subsequent three readings. The government argues the budget is critical for putting Russia's runaway public finances on a firmer footing.

The 66-year-old president's surprise appearance wrong-footed his Communist opponents, who had agreed the previous day to vote against the budget.

In a reversal of his earlier position, Gennady Zyuganov, the Communist party leader, said yesterday that rejecting the budget "would have spelled the complete disintegration of the economy for many regions".

"The governors of many depressed regions asked their MPs to vote for the budget because their finances were falling apart," he said. "We allowed them to vote as they thought necessary."

Foreign investors, who have withdrawn more than \$5bn from Russia's domestic debt market in the wake of Asia's financial crisis, reacted favourably to the parliamentary vote.

Nicholas Jordan, head of investment banking at the Moscow office of Deutsche Morgan Grenfell, said the central bank and the government had been able to "patch the dyke", stopping further outflows of foreign money. "We have seen people coming back into the equity and fixed income markets the week picking up some of the better stocks which have been oversold," he said. "We have seen some positive signs but it is not all over yet."

Fitch IBCA, the international credit rating agency, warned yesterday that its stable outlook for Russia's BB+ rating would depend on the government's ability to take the tough action needed to improve its fiscal position.

"Until the Russian government is able to demonstrate that it is capable of closing the gap between its spending aspirations and its ability to collect tax, Russia will remain vulnerable to adverse shocks and investment risks," it said.

One solution would be for it to use some of the return it has received on its investment in an earlier Airbus model, the A320 family. Sales of the aircraft have been higher than expected and the additional return could help fund the development of the new A340 models.

Industry observers say, however, that BAE has begun talking to foreign companies which could attract financial support from their own governments to help manufacture the aircraft.

The UK group is understood to be in contact with companies in Italy, Spain, China, Taiwan, Malaysia and North America.

Although the wings for the new aircraft will almost certainly be assembled at BAE's factory in Chester, some of the components could be manufactured abroad.

BAE refused to comment on its plans. "It is far too early to speculate. We await the government's response to our launch bid application with much urgency," the company said.

Noel Forgeard, a senior executive at Lagardère, the French defence and publishing group, has emerged as the leading candidate to become Airbus managing director when Jean Pierson retires in April.

Mr Forgeard, who is in charge of Lagardère's defence and space business, is being nominated by the French government. The four Airbus partners accept that Mr Pierson's replacement will be French. One of the other leading candidates, Louis Gallois, head of SNCF, the French railways, has said he does not want the Airbus position.

Airbus said yesterday that no decision had been made on the appointment.

British Aerospace may move work abroad if UK government refuses funding

By Michael Skapinker, Aerospace Correspondent

Airbus Industrie is expected to announce next week that it will go ahead with the development of two new aircraft in spite of the UK government's refusal to help fund their development.

Industry observers say that British Aerospace, one of the four Airbus partners, has had talks with foreign manufacturers about moving some of its work on the new aircraft abroad if the UK government does not change its mind.

The Airbus supervisory board is understood to have approved the \$2.5bn project yesterday. Airbus, which is owned by BAE, Aerospatiale of France, Daimler-Benz Aerospace of Germany and Casa of Spain, will build two new versions of its four-engine A340 aircraft.

The first, the A340-500, will be a long-range version of the 300-seat A340. The second, the A340-600, will be an extended version of the A340, with 380 seats.

The A340-600 will compete with the Boeing 777 and smaller versions of the Boeing 747.

The proposed Airbus aircraft have already attracted orders from Lufthansa of Germany, Virgin Atlantic of the UK, Air Canada, Egyptair and Eva Air of Taiwan.

Airbus had assumed that the four partners' governments would fund up to a third of the development cost of the new aircraft, as permitted by a 1992 US-European Union accord. The UK is believed to be the only government which is reluctant to do so.

The UK government has not yet announced its final decision on the request for an investment of £120m.

supervise a strip of no-man's land on both sides of the fence.

The new border caught the 35 villagers of Perdaku, in south-eastern Estonia, by surprise. They now disconsolately reminisce about the woods and the mushrooms from the forest on the other side. They are divided from their Setu kinsmen on the Russian side, who make up

the rest of the 15,000-strong community.

But there is more to this border than unpicked mushrooms. Half a decade after the break-up of the Soviet Union, Russia and Estonia are concluding their unfinished business by giving final status to what is likely to be a largely unchanged frontier. The Setus are set to remain divided - a reflection of Russian influence over Estonia as the countries piece together their post-Soviet relationship.

The Setus preserved their identity through centuries of Russian rule until their region, Setumaa, became part of Estonia under the Tartu peace treaty of 1920.

A religious people, they practise a mixture of Christian orthodoxy and paganism which revolves around the monastery of Petsori, which is now in Russia.

But today's population, economically weak and politically marginalised, is coming under threat on both sides of the border. The young are leaving for the cities, and the old and more traditional are particularly affected by the divide.

Their faith is tied to the land, and frequent visits to the graves of ancestors are of central importance. The creation of a border, and Russia's imposition of a strict travel regime, contribute to the unravelling of the social structure of the Setu community.

Russia allows Setus to travel to East Setumaa



Boris Yeltsin in action in parliament yesterday

Reuters

MASSIVE FINAL END OF YEAR STOCK CLEARANCE
All Due Dates Rescheduled Inventory in Liquidators' Warehouse
YEAR-END DISPOSAL AUCTION
to be completed by close of financial year
A Large Quantity of Silk & Wool
HANDWOVEN PERSIAN & ORIENTAL
RUGS, RUNNERS & CARPETS
All Fully Guaranteed Genuine & Handmade by way of Conditions of Sale
of mixed & various sizes, types, age, quantities & value categories
including unusual, rare, antique, valuable & extra large items
company
Very substantial consigned inventory held & stored
on behalf of Receivers, Trustees, Auctioneers, Bailiffs,
Loss Adjusters, Superintendents, Debt Guarantors etc.
consolidated in Liquidators' security storage facility & allotted
to be put under the hammer piece-by-piece as result of
contracted year-end liquidation deadlines, closing of the books on
overdue/defunct commissions, and audited reconciliation of all
outstanding balances and accounts, including the immediately
required clearance of several major uncompleted purchases
- due to extreme pressure of time many of the Lots have been
authorised for liquidation without any minimums or reserves
AUCTION AT WAREHOUSE
THIS SUNDAY, DECEMBER 7
AUCTION AT 12 NOON VIEW AT 11 AM
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Investors likely to worry about South Korea's commitment to reform in absence of deadlines

Seoul details IMF bail-out conditions

By John Burton in Seoul

South Korea yesterday announced conditions for its \$57bn rescue package from the International Monetary Fund which were long on proposed reforms, but short on deadlines for implementation.

The lack of a firm schedule is likely to renew worries among foreign investors and bankers about Korea's commitment to implementing painful reforms and underpinning the restoration of international confidence.

Analysts predicted more tough negotiations between the IMF and Korea as they review the progress of reforms tied to tranches of financial support. Disagreements have already surfaced yesterday over next year's growth target, with the IMF setting it at 2.5 per cent and Korea at 3 per cent.

The IMF said Seoul would receive a first payment of \$5.6bn immediately, while a second payment of \$3.6bn would be available from December 18 after the first review was completed. If Seoul met the terms of the reform programme, another tranche would be paid after January 8.

Besides the disputed growth target, Korea agreed to narrow its current account deficit to below 1 per cent of gross domestic product in 1998 and 1999. The inflation rate in 1998 would be set at 5 per cent or below, which would curb monetary growth and lead to higher interest rates.

Legislation to give independence to the central bank and reform the government's supervision over the financial sector would be approved by parliament before the end of the year.

An increase in the foreign shareholding limit in listed companies would be raised from 26 per cent to 50 per cent by the end of 1998. Seoul had earlier said it would raise the ceiling to 50 per cent on December 15.

Seoul also promised to allow foreign banks and brokerage houses to establish subsidiaries by mid-1998 in an effort to promote competition in the financial sector.

The schedule for other

Asian crisis knocks global growth forecast to 3.5%

The Asian financial crisis will shave more than three-quarters of a percentage point off world growth next year, the International Monetary Fund said yesterday.

Stanley Fischer, the IMF's first deputy managing director, said the Fund had revised down its forecast for global growth next year from the 4.3 per cent it had estimated in September to 3.5 per cent. The bulk of the slowdown will derive from the slump in demand in Asian countries but there is also expected to be a knock-on effect on other countries. The IMF will publish its full revised world growth forecast on December 22.

Mr Fischer expressed confidence that Asian countries would resume their rapid growth rates within the next two years but esti-

reforms was left vague. Although Seoul suggested that it would close insolvent banks, it would not do so immediately, as it planned to review the financial status of troubled banks to determine whether they could be revived through restructuring. Other ailing financial institutions could be merged or acquired by Korean or foreign banks.

The government will have to balance its budget next year while bailing out the banking system, which would result in higher corporate, income and sales taxes and a cut in state spending.

The corporate bond market will be opened fully to foreign investment, but no deadline was given. Direct foreign investment procedures will be simplified and made more transparent.

A schedule for the elimination of trade barriers, including a ban on Japanese imports, will be set later this month during the first review. This will include an end to import licensing and easing of import certification procedures that have restricted the sale of foreign

cars, clothes and cosmetics in Korea. Improved accounting and reporting practices will be required for companies, banks, government lending programmes, and central bank reserves.

Conglomerates, or *chaebol*, will be pressed to borrow more from financial markets instead of banks as investors gain a better view of their financial status through consolidated statements. The level of cross-debt guarantees among *chaebol* subsidiaries will be lowered, while the government will be banned from rescuing troubled firms through subsidies or tax breaks, such as the recent state bail-out of the Kia motor group. The reforms will be likely to increase job losses because of industrial restructuring. The IMF said that the reform of rigid labour laws to allow the sacking of workers should be matched by improvements in the new unemployment insurance scheme.

Korea said that Sweden, Belgium and the Netherlands had agreed to contribute to the rescue package.

Even the bushes in Kyoto have feelings this week. "Silent but angry," said one placard posted on a shrub outside the climate change conference yesterday.

Another, also installed in a dawn raid by Japanese environmentalists, wondered: "Are we going to save us, Al?" ahead of Monday's arrival of Al Gore, the "green" US vice-president.

The conference centre itself resembles a cross between a traditional Japanese temple and a space ship. The mission of the 10,000 green creatures inside is to save Mother Earth - as the official Japanese poster describes the planet - from increased drought, flooding and freak weather associated with climate change.

Perhaps as an insurance policy against failure, all the world's 166 nations are represented in an ark-shaped conference hall. There they sit in alphabetical order from Albania to Zimbabwe, wrangling over 21st century targets for reducing greenhouse gas emissions from fossil fuels.

But for those who do not much like the idea of a future free of coal, oil or gas, alternatives include installing "sinks". This is alien conference jargon for forests that can absorb some of the carbon dioxide spewed out by cars and power plants.

The back entrance to Kyoto's International Conference Centre offers no escape. There, Greenpeace, the environmental group which wants to replace fossil fuels with solar power, yesterday erected a dinosaur made of oil cans and spare car parts.

A hammer summoned up its view of progress in the negotiations so far. Dinosaur Diplomacy 1, Climate 0.

The 18-strong Greenpeace delegation had started the week with gentler tactics of persuasion by offering "free solar coffee" from a mobile kitchen generating electricity from sunlight.

Inside the conference hall, official negotiators rub shoulders with lobbyists pushing everything from nuclear energy ("Give them a Future Green with Energy") to, in the lone case of the Japan Bicycle Promotion Institute, getting on your bike.

Thrown into the mix are 4,000 journalists. On call to help them around computers on loan for the conference are official "cyber-guides". Occasionally, delegates retreat across the road for consultations or snatches of sleep at the equally futuristic Takaragaki Prince Hotel.

This informs visitors its aim is to try to help save the planet with measures that include turning down the lights in corridors used by staff.

Guests are offered ¥2,000 (\$15) discounts for every day they agree not to have their towels and sheets changed. Tomorrow, the not quite lost ark turns from publicity stunts to God.

Raul Estrada-Oyuela, the embattled Argentine chairman of the negotiations, is to lead an Inter-Religious Gathering on Climate Change at Kyoto's Kamiawarachi cathedral.

Leila Boulton

Kyoto draws together diverse cast

Environmentalists and lobbyists struggle to influence conference delegates



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Leila Boulton



Climate change campaigners wearing masks of world leaders hold up a globe calling for a stop to "playing games with the planet". The World Wide Fund for Nature warned against turning the Kyoto talks into a "football" game.

China attacks proposed gas curbs

By Leila Boulton, Environment Correspondent, in Kyoto

China yesterday launched a fierce attack on US-led efforts to force developing countries to discuss curbs on their greenhouse gas emissions.

Shukong Zhong, the senior negotiator for China at the Kyoto climate change conference, said it was up to industrialised nations first to show they were serious about cutting their own fossil fuel consumption to combat climate change.

"Ours are survival emissions. Theirs are luxury emissions. They have two people to a car and yet they don't want us to ride buses," he said.

His attack was particularly aimed at the US, which has a 4 per cent of the world's population but generates a quarter of its emissions.

The US position is inspired by a Senate threat to block any Kyoto treaty that does not include commitments for developing countries.

But Mr Zhong also noted it violated the legal mandate for the

talks, which was for developed countries exclusively to cut emissions by 2010.

The developing countries argue, with no quarrel from industrialised countries, that they should be allowed to increase their emissions to pursue economic growth. But New Zealand yesterday proposed that developing countries start discussing curbs on the growth of such emissions in 2002 for a 2014 target and the US wants to give them technology to grow in a more climate-friendly fashion.

Mr Zhong also responded in kind to a threat by Vice-President Al Gore that the US would "walk away" from the negotiations if it failed to obtain "meaningful participation" by developing countries in the accord.

He warned that the Kyoto conference could fail if the US and New Zealand pressed their demands.

Dan Reifsnyder, a member of the US negotiating team, dismissed the Chinese attack as a "predictable" negotiating posture before the talks enter their final stage next week.

ISSUE OF £2,000,000,000

6½% TREASURY STOCK 2003

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 10 DECEMBER 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid
£102 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 11 December 1997.

Auction of Stock
1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General
2. This prospectus is issued under the arrangements described in the Information Memorandum for issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum") and in the Memorandum Relating to Arrangements for the Stripping and Reconstruction of United Kingdom Government Stock published by the Bank of England in October 1997 (the "Strips Memorandum"). The terms of the Information Memorandum and the Strips Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity
3. The Stock will be repayable at par on 7 December 2003.

Interest
4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 11 December 1997 (the issue date of the Stock) and the first interest payment will be due on 7 June 1998 at the rate of £3.1699 per £100 nominal of Stock.

Payments
5. The due date for repayment of the Stock is not a business day and repayment will accordingly not be made until the next succeeding business day. Holders of Stock shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, "business day" means any day which is not a Saturday, Sunday, Good Friday or Christmas Day, or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

National Savings Stock Register
6. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions
7. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (FOTRA stocks first issued after 29 April 1996).

Gross payment of interest
8. Interest will be paid without deduction of income tax. However, stockholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping
9. Subject to the introduction of the official gilt strips facility, the Stock may be stripped and holdings of Stock reconstructed: paragraphs 6 and 7 of the Information Memorandum and the provisions contained in the Strips Memorandum therefore apply. The Bank of England announced on 3 October 1997 that it is planned that the official gilt strips facility will be available from 8 December 1997. Trading on a when-issued basis in the principal and coupon strips of 6½% Treasury Stock 2003 may be conducted from 8 December 1997 until close of business on 10 December 1997.

Methods of application
10. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application
11. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker) is £102 per £100 nominal of Stock.

Latest times for receipt of applications
12. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997 or lodged by hand at the Central Bills & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997.

Bids irrevocable
13. Bids will not be receivable between 10.30 am on Wednesday, 10 December 1997 and 10.00 am on Monday, 15 December 1997.

BANK OF ENGLAND
LONDON
2 December 1997

APPLICATION FORM FOR 6½% TREASURY STOCK 2003

Complete Sections 1 to 4, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.
TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
I/we apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 2 December 1997; the Information Memorandum for issues of British Government Stock dated 27 March 1997 (the "Information Memorandum"); and the Memorandum Relating to Arrangements for the Stripping and Reconstruction of United Kingdom Government Stock dated October 1997 (the "Strips Memorandum") as follows:

FOR COMPETITIVE BIDS ONLY

(ie for Stock to be purchased at the price bid)

See notes (a) and (b) below.

Nominal amount of 6½% Treasury Stock 2003 applied for:

Amount of Stock applied for: £100,000 or £1,000,000 or £1,000,000 or greater

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

Total amount payable per £100 nominal of Stock:

Amount required for payment IN FULL AT THE PRICE BID:

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THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY

(unless the applicant is a CCO member or is an EEA regulated financial institution, and Section 3 or 4 has been completed)

Full name and permanent address of each third party:

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

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REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

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Postcode

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Address

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FOR BANK OF ENGLAND USE

Box No. 677

Exd.

Transaction Number

163

NEWS: INTERNATIONAL

Policy would require radical amendments to Oslo accords

Sharon plans West Bank security ring

By Judy Dempsey
in the West Bank

Ariel Sharon, Israel's influential infrastructure minister, yesterday announced detailed plans for security zones which, if implemented, would form a ring around the West Bank and would radically amend the Oslo peace accords.

The plans entail Israel drawing an internal security zone 10km wide along its pre-1967 borders to the east and a 20km-wide zone along the Jordan river. Both zones would be linked in the north and south of the West Bank.

The two security zones, said Mr Sharon, would provide Israel with an internal buffer zone against infiltration and a border with Jordan to prevent Palestinians destabilising the Kingdom of Jordan. He insisted the area in which Palestinians would live between the two zones would be an "open one with free movement".

However, it is clear from the maps that the Palestinians would not have a continuous land mass. Their towns and villages would be cut off from one another, like separate cantons, and would be surrounded by the Jewish settlements.

Mr Sharon, who displayed the maps during a tour of the West Bank, said he presented his security zones to Washington during a recent visit. He added he had the full backing of the Israeli government, which is hardly surprising since it would appear most, if not all, of the Jewish settlements would remain intact.

The maps are the clearest indication to date that the Israeli government, led by Benjamin Netanyahu, is redrawing the demarcation lines set out in the 1995 Oslo Interim Agreement for Israel's future borders and a Palestinian state.

Mr Sharon said that if the government adhered to the Oslo accords signed between Israel and the Palestinians, "We would find ourselves very soon on the Green Line [Israel's pre-1967 borders] and the Palestinians would be on the Jordan River."

The PA currently controls only 3 per cent of the West Bank, or Area A, while Israel controls 76 per cent of Area C which is under its complete control. In the remainder, Area B, the PA runs civilian affairs and Israel handles security.

The accords envisaged Israel granting the Palestin-



ians autonomy combined with three Israeli troop withdrawals from the West Bank. But Mr Sharon admitted the accords required "some adjustments and corrections", the first time a minister has publicly admitted the government's intentions of doing so.

The zones, which Mr Sharon insisted were the "minimum requirements" for guaranteeing Israel's security, mean that future troop pullbacks would be limited in scope since they would be restricted by the two security zones.

Israel, he said, would have "full control of security in both zones". And if part of those zones were in Area B - where currently the Palestinian Authority runs civilian affairs and Israel runs security - the region would always remain under Area B. These zones would "never", he added, pass to Area A, as envisaged by the Oslo accords, in which the PA would exercise full control. "Israel will have the Jordan River for ever and Israel will hold on to its security zones for ever," said Mr Sharon.

Instead, Israel would press ahead with two troop pullbacks - outside the two security zones - but only when Yasser Arafat, PA president, fulfilled his commitments to the Oslo Accords (even though Israel wants to redraw the boundaries of those accords).

Yesterday during talks in Paris between Mr Netanyahu and Madeline Albright, US secretary of state, there was no indication when and how much land Israel would hand back to the Palestinians.

Mr Netanyahu said the cabinet needed more time to discuss the proposals, adding that the Palestinians would have five months to assure security in those areas before assuming control.

Stock options the key to divorce deal

John Authers on what corporate wives might expect in the division of valuable future assets

A 450-page legal opinion from a Connecticut judge this week brought to a close the most acrimonious and heavily publicised US divorce case in years.

The court and the American public heard much emotive testimony from both Gary Wendt, chief executive of GE Capital, financial services arm of General Electric, and Lorna, his loyal wife of 30 years.

But in a development which speaks volumes about the current state of wealthy Americans, the outcome turned out to hinge on an arcane dispute over how to value stock options. It highlighted how dependent many US executives have become on their own company's market performance, as the vogue for giving them incentives with share options has gathered pace.

All sides agree that the sums involved are huge. Mrs Wendt was originally offered a settlement worth about \$10m, and her lawyers estimated that her eventual award was worth more than \$20m.

But the judgment is so complicated that both sides have claimed victory. Lawyers for Mrs Wendt said "boys in the boardrooms" would be "really unhappy", and added: "One point we were trying to make is that these valuable future assets are marital property, subject to division."

Mr Wendt's statement after the trial also made clear that stock options had been the central issue. He said: "Despite the extensive publicity to the contrary generated by Mrs Wendt, the principal issue in this case was not the relative contribution of the non-working

spouse versus the working spouse, but rather the division of future earnings."

Divorce lawyers suggested that Mr Wendt was probably the happier. According to Arthur Balbirer, a Connecticut divorce lawyer, and former president of the American Academy of Matrimonial Lawyers: "I would make a prediction that Gary Wendt is doing hand-stands at this point, and so are many other corporate executives. He didn't give her anything near 50 per cent of the value of those stock options, and there's no reason for hysteria among corporate executives."

Mr Wendt started his attempt to divorce Lorna, his childhood sweetheart, more than two years ago. She insisted on forcing the issue to trial, in an attempt to test the concept that a marriage should be

regarded as an economic partnership of equals.

The US was captivated by the tale of a "corporate wife" who provided the wages to help her husband through Harvard Business School, and who then received a PHD ("Putting Hubby Through") degree from the dean's wife.

She ceased salaried work early in her husband's career at General Electric. But she told the court that she had performed invaluable services for Mr Wendt, on one occasion holding a dinner party for 12 people, on a few hours' notice, the week after she had given birth to the couple's first child.

The problem, according to Mr Balbirer, is determining the future value of a volatile instrument. Mr Wendt's options in GE, one of the

strongest performing US companies, have roughly doubled in value since the couple separated. His contention was that assets whose value depended on his performance after the divorce should not be part of the settlement.

The issue will not go away. And a survey of the most affluent 1 per cent of Americans carried out by US Trust last month revealed that for more than two thirds of them their greatest anxiety was that "too much of my net worth is tied up in my company's stock".

It found that typically stock options accounted for more than a third of corporate executives' wealth, and that they were alarmed that this made it difficult to plan for the future. The Wendt case is unlikely to allay these concerns.

Hedge funds worsened crisis, says Cardoso

By Edward Luce in London

Fernando Henrique Cardoso, the president of Brazil, yesterday said international hedge funds had exacerbated the recent global financial crisis by adding to the volatility of markets.

Mr Cardoso, who was speaking at the end of a four-day state visit to the UK, said there were "no rules" governing offshore funds. This had heightened the volatility of capital flows in the global markets crisis in late October.

Mr Cardoso said that investors in hedge funds should be given more information to be made aware of the risks of making such investments. Hedge funds - and other leveraged investment funds - borrow money at cheap rates and invest it in higher-yielding instruments. This opens them to accusations of being "footloose" when the market goes into a downturn.

"This is not a matter of defending the re-regulation of global finance but merely of pointing out the need for governments and societies to be able to avoid damage that can be caused by periods of turbulence in the international markets," said Mr Cardoso.

The president's remarks follow widespread unease in emerging markets about the events of the last six weeks. Many officials in Latin America and eastern Europe felt that their currencies and the price of their international bonds were unfairly penalised by offshore investors in the wake of the currency turmoil in south-east Asia.

Earlier this week, Mr Gustavo Franco, governor of Brazil's central bank, said the Brazilian economy had been made more vulnerable by having liberalised its capital markets. Speaking to an audience of British executives in London, Mr Franco said having an "open capital account" had actually heightened volatility during the crisis. This was in spite of the fact that Brazil had been advised it would have the opposite effect.



President Cardoso at a London conference early this week. 'No rules' governing offshore funds.

Brazil raised its short-term interest rates to more than 40 per cent to stave off speculative attacks on the Real in the aftermath of the crisis in late October. The country was also one of

the worst affected in the international bond markets, with the price of its benchmark dollar bond plummeting by almost 25 per cent in one trading session alone.

Islands to fight in EU trade talks

By Pascal Fletcher
in Havana

Caribbean government and business leaders have signalled they will fight to protect the interests of their vulnerable island economies in negotiations with Europe on trade and co-operation.

The Fourth Lomé Convention between the European Union and 71 African, Caribbean and Pacific (ACP) states expires in 2000. Formal negotiations on a successor agreement start next September.

Meeting in Havana, Caribbean representatives voiced concern about recent EU proposals to put relations with the ACP group on a new footing. Europe is generally calling for a gradual move to reciprocal and free trade partnerships compatible with World Trade Organisation rules.

ACP leaders have recognised the need to promote fair international trade but have called on the EU to maintain non-reciprocal trade preferences and market access, including preferential commodity protocols, in any successor agreement.

The Caribbean's chief trade negotiator, Sir Shridath Ramphal, said the Lomé Convention was "a very precious relationship that needs to be cultivated, not diluted and thinned away". He criticised an EU proposal to have economic partnership pacts with each of the three ACP regions within a future accord.

Yves Persaud, chairman of the Caribbean Council for Europe, which organised the Havana meeting, said he was worried about suggestions in Europe that development co-operation should concentrate on the poorest countries and that middle-income developing nations such as those in the Caribbean should be gradually taken out of aid.

"This is short-sighted and dangerous... It cannot be right that small island states such as ours should be expected to have to compete with vastly larger developed nations without an adequate period of transition," he said.

Several speakers in Havana expressed alarm at a recent WTO ruling upholding a complaint by the US and four Latin American banana producers against the EU banana import regime, which protects small Caribbean producers.

Francisco Graneli of the European Commission's Development Directorate said the EU would try to maintain fairness and justice in negotiations. Present EU proposals see a rolling over of Lomé preferences until at least 2003.

Iraq halts oil flow in bid for UN deal

By Laura Silber in New York

Iraq yesterday stopped pumping oil under the United Nations oil-for-food scheme, until the UN approves a new plan for the distribution of food and medicines.

Nizar Hamdoun, Iraqi ambassador to the UN, said Baghdad wanted the Security Council to approve the distribution plan before we start pumping oil.

Diplomats and observers played down the significance of the Iraqi decision, calling the move a "negotiating tactic" in the continuing dispute over the terms of the oil-for-food deal.

Baghdad's decision came just a few hours after the Security Council unanimously voted to renew the oil-for-food deal, which allows Iraq to export \$2bn worth of oil every six months to buy food and medicine. It gave Iraq a month to put forward a revised distribution plan.

In spite of Iraq's reservations, Mr Hamdoun said Iraqi authorities would work with the UN to comply with the Security Council resolution to come up with a revised distribution plan by January 5. "We will do our best," he said.

In spite of pleas by humanitarian agencies, the 15-member Council delayed a decision on increasing the amount of oil Iraq can export to alleviate its deteriorating humanitarian situation pending a report by Kofi Annan, the secretary general, at the end of January.

Russia and France believe the present figure for oil exports should be doubled to \$4bn every six months. Most Security Council members and UN officials admit that the programme so far has failed to ease the suffering of the population, hard hit by seven years of sanctions.

But the US and Britain were reluctant to give the impression that the Council was rewarding the regime of President Saddam Hussein so soon after the crisis over UN weapons inspections and refused to increase the amount of oil Iraq can sell.

Iraq in October provoked the crisis by expelling UN members from the UN weapons inspection teams, charged with dismantling Baghdad's arsenal of weapons of mass destruction and their production facilities.

Richard Butler, chairman of the UN disarmament commission, is due to travel to Iraq next week to press for unimpeded access to suspected weapons sites and more information about missiles, biological and chemical weapons, in particular the lethal VX.

Oil prices, Page 8

Tennis tackles its tournament tangle

The Association of Tennis Professionals has finally moved to streamline its tangled array of tournaments and titles. Although its proposed restructuring of the men's professional game, which takes effect in 2000, is evolutionary rather than revolutionary, it may not have gone far enough.

The ATP envisages a Super Tour of seven tournaments for men and women, alongside the four Grand Slams, in which everyone eligible would have to compete. The top 50 men would also have to play in four second-tier tournaments. A new ranking system would become a points race similar to Formula One's championship race, beginning in January and ending in November.

with a world championship.

The changes would represent a big advance. The public, bemused by the rankings and the plethora of meaningless events, would at last be able to understand how professional tennis works.

Persuading the players that change is needed if tennis is to survive in the ever more competitive field of sport has not been easy. Draw-out talks between the ATP Tour chief executive, Mark Miles, and the chief operating officer, Larry Scott, with the constituent bodies continue still.

The men's Player Council has now approved the master plan, in spite of earlier misgivings among European players that the reforms would mean too much top-level tennis being played in

the US, and not enough on clay courts which are the Europeans' speciality.

"We slowed down the process and allowed the politics to catch up," explains Mr Scott. "Sure enough, when they elected the Player Council it turned out they'd selected some pretty reasonable European players - men like Tim Henman, Magnus Larsson and Javier Sanchez - who were not militant or anti-American and had a broader perspective."

It has also been grudgingly accepted by tournament directors, many of whom see a bleak future for all but the lucky seven that are in the "super" series.

There is also agreement that the venue for the world championship should change each year; that the sale of

commercial rights for the "super" series should be centralised; terrestrial television coverage of the series should be the priority; and players should be more accessible to the media.

The ATP would like much closer collaboration with the women's tour. Yet, significantly, the Women's Tennis Association tour board has not yet approved the plans.

The main reason is that the women are terrified of being swamped by the men. They are reluctant to face the commercial reality that their version of the sport does not attract as much support from sponsors and the media.

But as they search for a new tour sponsor to replace Corel, there is an uncomfortable realisation that perhaps

they should go along with the proposals. As the retiring WTA president, Anne Person Worcester, guardedly puts it: "While the tour is further developing its own strategies to continue to strengthen women's tennis, it is open to consider any proposal from the ATP Tour at the appropriate time..."

The real problem tennis faces in competing with other sports is that, except for the Davis Cup and Federation Cup, it is not a team sport.

One only had to witness the patriotic euphoria in Lyons in 1991, when Yannick Noah's French team beat a US side containing Sampras and Agassi, to glimpse a brighter future.

John Barrett

Mexico seeks to sell \$45bn bad loans back to banks

By Leslie Crawford
and Stephen Fidler
in Mexico City

The Mexican government, which relieved commercial banks of \$45bn of bad loans during the 1995 economic crisis, is exploring ways to allow banks to buy back those loans at big discounts, according to finance officials.

The crisis, marked by the devaluation of the Mexican currency, a deep recession and high interest rates, triggered an avalanche of loan defaults which threatened to sink the country's recently privatised commercial banks. To save them, the government assumed almost half the banking system's loans and put them in a central bank trust, known as Fobaproa.

At first, finance officials

Government-held assets will be offered to banks at a discount next year in order to encourage more equitable debt restructuring agreements

believed they would be able to recoup part of the cost of the bank rescue by auctioning the assets in Fobaproa's books. But the difficulty of marshalling hundreds of thousands of credits and the absence of a secondary market for trading bank loans in Mexico have forced them to change their approach.

In theory, commercial banks remained responsible for managing their bad debt portfolio even after it was transferred to Fobaproa. But there was little incentive to do so.

Finance officials said government-held assets would be offered

to banks at a discount next year in order to encourage more equitable debt restructuring deals between creditors and clients.

"What we are exploring right now is how this discount can benefit the debtor," one finance official said. "The sooner we can shift these loans back to the banking sector, the sooner consumers and businesses will be able to start borrowing again."

Also starting next year, banking regulators say they will require commercial banks to begin provisioning against the bad loans sold to Fobaproa from the third quarter of next year. Mexican banks

have already been required to set aside almost \$8bn against non-performing assets which were not transferred to the government.

But finance officials said they hoped this additional provisioning - equivalent to 2.5 per cent a year of the amount Fobaproa paid the banks to take over the loans - would encourage banks to be more diligent in the management of the bad loan portfolio sold to Fobaproa.

Mexico's bank bail-out has become a botched debt issue since opposition parties won control of Congress in elections last July. The Chamber of Deputies

has set up an inquiry into the terms of the rescue, which is popularly believed to have benefited banks at the expense of debtors. Militant debtors' groups have gained tens of thousands of followers since the 1995 financial crisis, and are lobbying for more lenient repayment terms on mortgages and consumer loans.

To escape the wrath of debtors' groups, finance officials say they will start transferring next year the management, collection and sale of debts to private-sector credit servicing companies. These servicing companies may pay an equity stake to take over the

loans and will be expected to share with the government whatever they recover. The first package of 6,000 loans, of about \$300m face value, is expected to be tendered in April.

Of the \$45bn of assets in Fobaproa's books, about \$23bn correspond to hundreds of thousands of consumer credits, mortgages and loans to small businesses which the government hopes to sell back to banks, or asset managers. The remaining \$22bn corporate loans, commercial paper and other kinds of debt pertain to 4,000 subsidiaries of 550 big corporations and need separate treatment.

In the case of large corporate loans, finance officials say they are working out schemes to refinance or capitalise debt in order to prepare companies for sale.

Beef farmer protests may block extra financial aid

By George Parker and Juliette Jovitt

Beef farmers picketing British ports that their action could make it impossible for ministers to give the industry extra financial support.

Jack Cunningham, agriculture minister, has asked the Treasury to consider extra support for hill farmers, but the government says it will not bow to the type of direct action used by their French counterparts.

"There is no way that we could be seen to be giving in to people who are breaking the law, not least for presentational reasons," said Mr Cunningham's political adviser. The warning came as farmers stepped up their pickets of ports across the UK, in an attempt to stop imports of cheap Irish beef.

The Welsh National Farmers Union said it would maintain 24-hour pickets at Holyhead, Pembrokeshire and Fishguard, in west Wales, while up to 2,000 farmers were expected to blockade the Scottish ports of Stranraer and Cairnryan this weekend. Although the National Farmers Union says the demonstrations will be peaceful, some officials privately claim that the publicity surrounding quayside confrontations is helping their cause.

Mr Cunningham, supported by Donald Dewar, Scottish secretary, and Ron Davies, Welsh secretary, wants to focus support on hill farmers, who have suffered most from the recent fall in beef prices. Ministers fear that this week's announcement of a ban on beef on the bone could exacerbate the situation, but the Treasury is resisting any increase in overall public

Tony Blair, prime minister, said yesterday that Britain would "maintain the rule of law" in the farmers' dispute. But he added: "We fully understand the distress and difficulties of farmers and we have been working to assist them."

He made his comments at the launch of Britain's presidency of the European Union at the Eurostar terminal in London's Waterloo station yesterday. The Eurostar train runs through the Channel tunnel between Britain and France.

He said the UK's logo - which was partly designed by children of the 15 member states - summed up his message that Europe needed to work together to tackle its problems. Britain, he stressed, had the opportunity to help build a "people's Europe" because the indecision, vacillation and anti-Europeanism of the past had gone. The presidency would work to ensure that economic and monetary union was launched successfully, he said.

spending. Mr Cunningham is considering extra help through the hill livestock compensatory allowance and could make an announcement as early as next week, if the port blockades subside.

The continuing demonstrations at British ports could result in claims for compensation from hauliers, the Road Haulage Association said yesterday. "Yesterday the unrest spread to the west country, where 250 farmers laid siege to the St Mary's meat processing factory in Cornwall, protesting against the use of Irish imported beef. The company supplies Tesco supermarkets."

Consumers take the driving seat

John Griffiths examines factors which may be reshaping the car industry

A prediction by Richard Palmer, chief executive of car dealer group European Motor Holdings, that Volkswagen will overtake Ford, Vauxhall and Rover to become UK car market leader within a few years, has been greeted by most industry observers as wide of the mark.

His opinion is claimed to be merely provocative or influenced by the fact that EMH has no Ford or Vauxhall dealerships among its 51 outlets. But Mr Palmer insists that the exclusion of Ford and Vauxhall is deliberate. He says the profit potential for dealers is declining and that by including seven VW and three Audi outlets, EMH is simply showing foresight on behalf of shareholders.

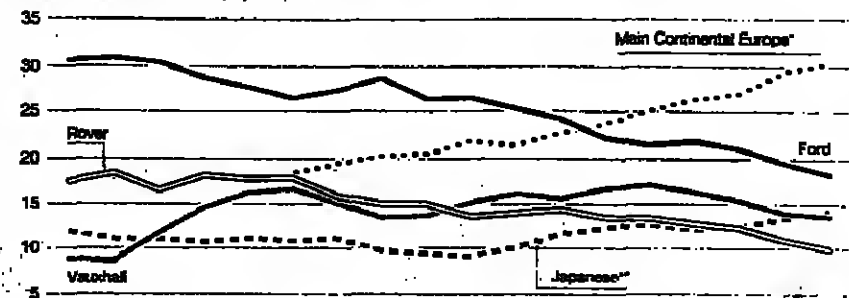
That he even made the remarks highlights changes which have already severely eroded Ford's long hegemony. They were underlined by November's new car registrations this week showing Ford's rivals close at its heels.

Taking shape is a much more diffuse market, with more players sharing available sales. The change is evident in large shifts in market shares, particularly Ford's. The company whose Fiesta, Cortina, Escort and Granada of the 1970s were synonymous with the desire for mass car ownership has seen its 30 per cent-plus market share cut to about 18 per cent.

Vauxhall, ranked second, is only about 3.5 percentage points behind. The gap was once more than 20 points, yet Vauxhall's share has also slipped this year, to under 14 per cent. Rover's is

Car wars: the Europeans build up speed

Share of new car market (%)



now in single figures after being more than 20 per cent in the 1970s. Motor industry guru Professor Gareth Rhys, of Cardiff Business School, says Ford, Vauxhall and Rover could only have slowed the slide, not prevented it. Why? In the early 1980s, half the market comprised fleets chosen by managers typically picking one brand - usually Ford; the balance was almost exclusively Vauxhall and Rover. All were saloons,

estates and hatchbacks - the standard fare. Continental makers' sales were mainly to private buyers. But there were also many devotees of the reliability of Japanese cars - enough to give Japan 11 per cent of sales and worried domestic carmakers an Anglo-Japanese gentlemen's agreement preventing imports going higher. Japan's determination to get round this by building transplant factories has proved pivotal to subse-

quent events. Nissan, Toyota and Honda introduced working practices and quality standards unmatched in Europe, and demanded the same of their suppliers. The culture has since permeated most European car and component makers. Other preferences have come back into play, notably aesthetics, which many consumers feel European companies do best. Result: Citroen, Fiat, Peugeot, Renault and VW are enjoying a

strong revival, taking ever greater sales from the big three whose historically large market shares made them most vulnerable.

New Asia-Pacific players have added to the erosion: Korea's Daewoo, Hyundai and Kia, Malaysia's Proton (Group Lotus owner) and Perodua. Together they sell 55,000 cars a year - easily compensating for the collapse of franchises sophisticated UK consumers now shun, like Lada.

The reward for Toyota, Nissan and Honda for upgrading Europe's industry is to make their own govt much tougher.

Philippe Schwarz, managing director of consultants DRI Europe, says fragmentation will continue, not least because the company car sector increasingly comprises drivers given much more say in the cars they drive, the so-called user-choosers.

Is Mr Palmer's scenario, then, wide of the mark?

In reality, most industry analysts think Ford's long slide is bottoming out. Nor is VW as bullish as Mr Palmer. Robin Woolcock, UK head of VW, says DRI's forecast that VW group, including Audi, SEAT and Skoda, will reach about 9.5 per cent by the end of the decade "sounds about right".

The concept of domination by any company, says Prof Rhys, has become obsolete. "Big market shares are the remnants of history," he says. "Competition will become even closer and choices even wider. The future for consumers is, in fact, fantastic. They will be more than king; they will have the power to be despotic."

US credit card group seals \$50m investment

By Christopher Brown-Humes and Richard Wolfe

A US credit card group last night unveiled plans to set up a European operations centre in Nottingham, creating up to 900 jobs in the biggest investment in the east Midlands for six years.

The investment by Capital One, one of the largest credit card issuers in the US, was announced by Margaret Beckett, secretary for trade and industry. Capital One said the \$50m (£50m) centre would help it service its fast-expanding UK customer base and provide a springboard into continental European markets. Nigel

Morris, Capital One president, said: "As our first overseas operations centre, this is a significant milestone and clearly indicates that we are committed to developing a long-term presence in the international financial services industry."

He said Capital One had considered a number of European Union sites but settled on Nottingham because of its highly qualified workforce, business environment, and excellent transport links. The group, based in Falls Church, Virginia, began operating in Britain in 1996 and is one of several aggressive US credit card companies to have intensified competition in the UK.

Article 2 defines the Irish nation as the island of Ireland and its adjacent islands, while article 3 declares Dublin's constitutional right to jurisdiction over Northern Ireland, "pending the reintegration of the national territory."

Irish PM in row over old claims to North

By John Murray Brown in Dublin

A row has broken out between David Trimble, leader of the Ulster Unionist Party, the largest pro-British party in Northern Ireland, and Bertie Ahern, the Irish prime minister, over his government's refusal to recognise British sovereignty over Northern Ireland as part of an overall political settlement.

The UUP leader was responding to comments by the Irish Taoiseach [leader] in a Financial Times interview, in which Mr Ahern said there would not be an explicit recognition that Northern Ireland was part of the UK in any changes to the Irish constitution.

Mr Trimble described the comments as "unhelpful and destabilising," and called for clarification of the proposed amendments to articles 2 and 3, which unionists saw as a claim of both territory and jurisdiction over the island's northern six counties.

Mr Trimble said the prime minister's remarks were "high on rhetoric and low on detail."

He said: "What is required from Mr Ahern is a clear statement of what he sees as being the reciprocal requirement for the removal of articles 2 and 3."

Mr Ahern, speaking on arrival at the relaunched Forum on Peace and Reconciliation in Dublin, insisted there was nothing new in his reported remarks. He repeated that any amendments to the constitution would form part of an overall settlement.

UK NEWS DIGEST

Chancellor calls for IMF deal

Gordon Brown, the chancellor of the exchequer, yesterday urged rapid agreement on proposals for a new facility that would allow the International Monetary Fund to lend large sums of money to countries facing financial crises.

In a speech to the British-American Chamber of Commerce in New York, Mr Brown said the new facility "would combine larger amounts with shorter repayment schedules and a higher interest rate charge than usual". He added that new lending arrangements should also be considered for the World Bank.

The IMF has already lent much larger sums than its normal rules would allow to Mexico, Thailand, Indonesia and South Korea. The proposed new facility would put such arrangements on a more formal and less ad hoc footing.

ELECTRICITY COMPETITION

Regulator predicts delay

The planned start date for the beginning of retail electricity competition, in April 1998, "looks increasingly difficult to achieve", Stephen Littlechild, the electricity regulator, has told the government and industry. He has asked his external advisers to report to him by January 15 on the industry's readiness for competition.

Professor Littlechild this week told a quarterly meeting of a 1998 co-ordination committee he chairs that the volume of changes required to get designs for the competitive market meant a delay might be needed. At the centre of the problem is the redesigning of the "baseline design" for the competitive market. This sets out how electricity companies interact with the Electricity Pool, from which they buy electricity, to the protocols needed to transfer customer data between companies. Industry chiefs speculated that a delay of three months was possible, but six months was more likely.

BRITISH MUSEUM

Trustees consider entrance fee

The trustees of the British Museum will today debate the introduction of admission charges. The 245-year old museum faces a cash shortfall of almost £3m (£5m) and raising revenue from an entrance fee is regarded as the most practical means of bridging the gap.

The decision of the trustees is being closely followed by the directors of the other leading non-charging museums, in particular the Tate Gallery, the National Gallery and the National Portrait Gallery. If the museum introduces charges, the Tate is likely to follow suit. However Neil MacGregor, director of the National Gallery, remains resolutely opposed to entrance fees. A £22.9m provisional grant has been fixed by the culture department for next year.

SOTHEY'S AUCTION

\$737,000 for Brahms manuscripts

The manuscripts of the last two chamber works composed by Brahms sold for \$441,500 (\$737,305) at Sotheby's in London yesterday to a London dealer. The price was slightly below estimate but set an auction record for a Brahms manuscript. The two sonatas for piano and clarinet cover 67 pages and were composed in 1896 when Brahms was 61 and in semi-retirement. They were given to Richard Mühlfeld, a friend of the composer and the greatest clarinetist of his age. The manuscript had remained with the Mühlfeld family until yesterday.

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and
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that a Petition was on the 26th November 1997 presented to Her Majesty's Court of Justice for the (A) the sanctioning of a Scheme of Arrangement and (B) the confirmation of the Reduction of the Capital of the above-named Company by cancelling shares of the said Company in accordance with the terms of the said Scheme of Arrangement.
ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any person requiring the same by the undersigned solicitors on payment of the regulated charge for the same.
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Saturday December 6 1997

Asian models trip up

As the economies of Asia have struggled to overcome their currency and banking crises, western punditry has been busy pronouncing the death of the Asian model.

No matter that there were several Asian models, or that some economies in the region are still in relatively robust shape, in the popular imagination Asia is to blame for putting the insecurity into western labour markets. Hence the element of *schadenfreude* in much comment on the region.

Such feelings underestimate the complexity of the labour market problems of the developed world. They also underplay the industrial might of the biggest economies of Asian flu, Japan and South Korea. The seeds of corporate recovery have already been sown by devaluation. Some of the world's most competitive companies have become even more competitive as a result of the currency turmoil.

The same is not true, however, of the region's banks. Here there are two separate problems. One concerns Japan, where in the aftermath of the bubble economy the authorities prematurely curtailed fiscal expansion and were too slow to confront the plight of insolvent banks. The other stems from the consequences in the rest of Asia of unsustainable exchange rate policies and poorly supervised banking systems.

What is clear, in the wake of the crisis of confidence in the Japanese financial system and the IMF's rescue package for South Korea, is that the use of banking systems as an instrument of industrial policy is no longer a sensible option.

As Federal Reserve Board chairman Alan Greenspan remarked this week, government-directed production and finance can help deliver vigorous growth when economies are in the catch-up phase and protected by exchange and capital controls.

Catastrophic effects

But once the gap narrows, it becomes harder for bureaucrats and politicians to administer their more complex economies – especially if the exchange controls go and the country runs a current account deficit.

As South Korea found, even partial liberalisation can have catastrophic effects. By allowing highly borrowed companies to accumulate foreign currency debt when an undercapitalised banking system was incapable

of providing adequate supervision, the country condemned itself to financial disaster.

The post-war Japanese system depended on subsidies from savers to industry and on the use of equity to cement corporate relationships. This became potentially unworkable when savers were given access to a global capital market that offered genuinely commercial returns. Already the banks are unwinding their equity holdings in industry. The odds are that portfolio diversification has to date been so modest.

Managerial failure

This raises important questions about the future of corporate governance. In Japan the banks have played a vital and effective role in addressing managerial failure within the industrial groupings known as *keiretsu*. Today they no longer have the incentive to do so. Since cross-holdings of equity are unwinding, it is possible that Japan may now move closer to the US system, where hostile takeovers provide the ultimate sanction for underperformance.

Korea is a different matter. Not only are capital markets less developed, it is also still an instinctively dirigiste country. Yet the conditions of the IMF package militate against adoption of the German post-war model of universal banking to compensate for weak markets – and rightly so. Japan has just demonstrated that relationship banking, in which equity stakes fluctuate in value day by day, makes for systemic instability unless macro-economic policy is unwaveringly sound.

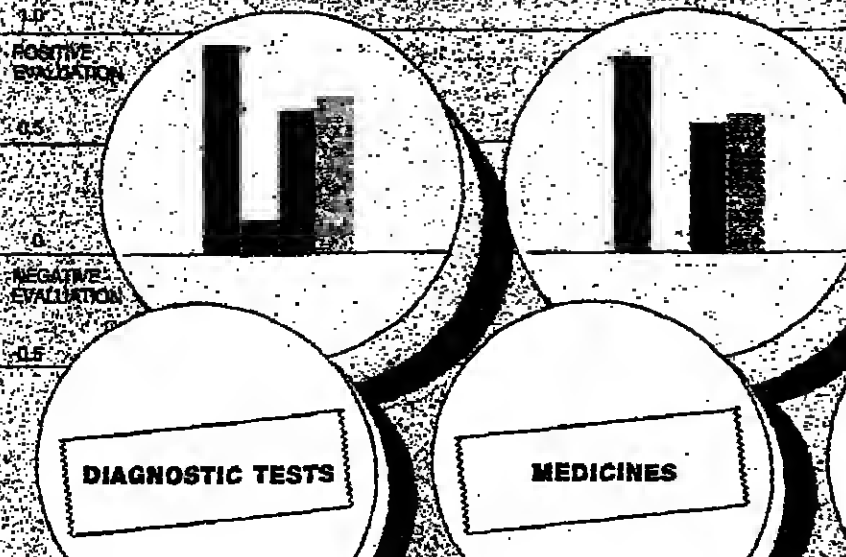
In the long run there is probably no escape from full liberalisation of capital markets. But in recapitalising their banking systems many Asian countries will probably be tempted to restrict the voting rights they offer to foreigners. Western investors will then have to decide whether market valuations adequately discount the corporate governance handicaps in Asian economies.

Yet this is in the future. The pressing questions for investors today are whether Japan can steer its way out of its economic and financial crisis, and whether the US and Europe will import all Asia's newly competitive products and services without protest. The omens on the first score are looking better. On trade, recent protectionist rumblings in the US are altogether more ominous.

Europe's ambivalence to genetic technology

A new report by the European Commission of difficulties to different applications

When appropriate for a given application, it is a matter of degree



A wolf in sheep's clothing?

Clive Cookson and Daniel Green examine the ethical debate about genetic research triggered by Dolly the cloned sheep



Imagine that scientists discover a gene, spread widely through the population, that encourages violent behaviour. Politicians make it compulsory for every pregnant woman to take a test for the gene and to have an abortion if it is present in the embryo.

Many people have in mind that sort of fantasy – or else the genetic engineering of "designer babies" with enhanced beauty, intelligence and athletic abilities – when they express moral doubts about the current explosion in genetic research and its future applications.

What is happening in the real world today, however, is a striking contrast to such eugenic nightmares. Genetic testing, combined with selective abortion, is already eradicating inherited disease but in ways that appear to meet with public approval and to avoid excessive coercion.

Perhaps the best example is in Cyprus, where before the 1980s more than 50 babies a year were born with thalassaemia, a severe blood disorder that is particularly prevalent in some Mediterranean populations. Now every Greek Cypriot takes a genetic test before getting married; the Orthodox church requires couples to produce test certificates before their wedding.

If both man and woman are carrying the thalassaemia gene, a counsellor tells them that any baby they produce has a one-in-four chance of developing the disease. Almost every couple then takes an antenatal test and has an abortion if the result is positive, though this is not compulsory. As a result there are now just one or two thalassaemic babies born on the island a year.

Bernadette Modell of University College London, who pioneered genetic testing for thalassaemia, says, on the basis of her experience: "I am very encouraged by the responsible and loving way in which people react [to genetic testing]."

"We can trust them to do the right things, so long as they are provided with enough clear information," she says. "I get rather frustrated by all the talk about ethics, when there is so much need for better information and education about genetics."

Not everyone takes such a relaxed view of the new genetics. The birth of Dolly, the cloned sheep, in Scotland triggered a wave of ethical concern this year. "My worry is that the pace of scientific change is outstripping the pace of the ethical and political discussion. We have to get the public debate up to speed," he says.

In the US, a particular focus is legislation to ensure the privacy of genetic information and to outlaw "genetic discrimination" by insurers and employers. So far, 42 states have introduced some legislation.

The US biotechnology industry has approached the ethical questions raised by genetic research with the gusto of a consumer goods company positioning a brand. The work of the Washington-based Biotechnology Industry Association (BIO) includes running public focus groups.

"The focus groups include people from Massachusetts to California, urban and rural, highly educated and those without even a high school diploma," says Carl Feldbaum, BIO president.

"People have strong views, but there is a basic consensus," says Mr Feldbaum. "To cure disease, genetics is fine. But the line gets crossed at cosmetics. You're playing God. The view is that curing Alzheimer's is one thing but raising IQ is just not right."

Steven Holtzman, chief business officer at Millennium Pharmaceuticals and the biotechnology industry's representative on President Clinton's National Bioethics Advisory Commission, says: "We had to ensure responsible use of the technology. We issued a set of principles, mainly in genetic testing and privacy, and we supported legislation to stop discrimination on the basis of genetic information."

The situation in Europe is different in several ways. Firstly, the industry takes a lower key approach, partly because it has less money for lobbying. Secondly, the threat that people carrying "bad genes" could be denied health insurance is far less potent in Europe, where the public sector underpins healthcare. And, thirdly, Europeans seem generally more wary of biotechnology than Americans.

The European Commission's recent Eurobarometer study showed people more in favour of using genetics to improve human health than in agriculture (see above). But the study team concluded: "Large sections of the European public are deeply ambivalent about modern biotechnology. The prevailing focus of this ambivalence appears to be moral, a collection of anxieties about unforeseen dangers that may be involved in a range of technologies that are commonly perceived to be 'unnatural'."

Some people in the industry think this results from their low-profile propaganda compared with environmentalists' groups. "It is an issue of public perception, because ethics committees and up thinking what is in the newspapers," says John Padfield, chief executive of Chiroscience and chairman of the UK Biotechnology Industry Association.

On both sides of the Atlantic, industry representatives emphasise the less controversial medical possibilities of genetic research. For example, if scientists screened patients genetically, they could work out which drugs they might respond to.

David Shapiro, a UK bioethics consultant and former director of the Nuffield Council on Bioethics, says geneticists are well aware of the need to avoid the public rejection that another new technology, nuclear energy, suffered a generation ago. Biotechnology has avoided the worst sins of the postwar nuclear industry – a combination of arrogance and secrecy – but geneticists cannot resist excessive hype about scientific progress.

Ironically, the cloning of Dolly caused much more scientific hype – and public alarm about its human applications – in the US than in the UK, where the research took place. The level of public debate "was a spur to those in the industry who hadn't recognised how important these issues were," says Mr Holtzman.

Mr Feldbaum believes time is on the industry's side. "The focus groups show people acknowledging that their views are shifting. They might once have been appalled by test-tube babies. Thirty years ago heart transplants were too radical to be tolerated."

Just nine months after the Dolly announcement, people are beginning to see the potential advantages of cloning research. The way things are going, genetically engineered designer babies may be perfectly acceptable at some point in the next century. And people may be willing to sacrifice some civil liberties in order to wipe out genes that lead to criminal violence.

This is the final article in a series on human genetics. Earlier articles appeared on October 30, and November 13 and 26.

Tradeable permits the best route to emissions targets

From Mr Rubens Ricuperro.

The FT has given favourable attention to the United Nations' concept of tradeable emissions permits as being a possible outcome of the Kyoto meeting on climate change ("Cool counsel for Kyoto", December 1, and "Licence to pollute", December 2). To bring developing countries on board for a global agreement on curbing greenhouse gas emissions, Martin Wolf argues – correctly, in our view – that high-income countries would have to purchase excess permits, beyond what developing countries use themselves.

Technically, there should be no argument that this trading scheme would minimise costs and maximise efficiency. And the US Congress should be in favour. After all, it approved the Clean Air Act Amendment of 1990, which authorised trading permits for sulphur dioxide ("acid rain"), producing savings of several billion dollars. The scope for savings with carbon dioxide is much larger.

But, to make it politically palatable, industrialised countries

must accept the premise that developing countries should not be penalised because their industrial development has lagged behind.

The key lies in the equitable setting of emissions "caps" and in making available to developing countries on reasonable terms those environmentally friendly technologies that could enable them to "leap-frog" the highly polluting production processes used by industrialised countries in their own race to growth.

Provided the political will is there, tradeable permits can be used to help reach the agreed caps in the most efficient possible way. The market will thus have been brought to bear in favour of both development and a united approach to tackling a global problem.

Rubens Ricuperro, secretary-general, United Nations Conference on Trade and Development, Palais des Nations, CH-1211 Geneva, Switzerland

A wrong must be put right

From Mr Tom Pocock.

Sir, The FT deserves high credit as the only UK national newspaper to report regularly and fully on the continuing refusal of the RAF and the Ministry of Defence to reconsider the case of the Mull of Kintyre helicopter crash and the attempts to overturn this injustice.

In overruling their own board of inquiry to find the two dead pilots guilty of "gross negligence" – without further evidence to warrant this – the air marshals have been supported by both Tory and Labour governments and their policies in parliament and the media.

However, to their great credit,

three former Tory defence ministers – Rifkind, Armitage and Hanley – have changed their minds and resolute members on both sides of both houses – notably Martin O'Neill, Robert Key, Menzies Campbell and Lord Chalfont – are carrying on the campaign to remove the stain on the honour of the Royal Air Force.

We must continue to rely upon the FT for news of the latest developments since most of my own former profession now seem unable to recognise a moral issue when they see one.

Tom Pocock, 22 Lawrence Street, London SW3 5NP, UK

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3038 (please set fax to 'line'), e-mail: letters.ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

No successor in sight in Germany

From Mr Jochen Murach.

Sir, You are absolutely right in saying in your leader "Old time SPD" (December 4) that the German "SPD does not look like an alternative government". One typical example of its "unwillingness to govern" was the recent announcement of the expected rise of unemployment to more than 5m people in 1998. This made the chancellor's promise to cut the number of unemployed by about 2m by 2000 look ridiculous and shady.

But how did the SPD as the party of the blue collar people react? It did not react at all. It let the government produce another failure without any dissent. Instead of using its opposition power and claiming that the ruling coalition was unable to fight unemployment, the SPD kept

quiet and accepted being left to its fate as longest serving opposition party since 1949; although this topic would have been a long awaited "pre-Christmas present" by the fading coalition.

So, one has to ask what else must happen before this would-be government party proves its ability to lead Germany into the next century. Even after the party conference in Hanover, the SPD failed to deliver signs of determination and ambition to its voters to take over the government next September. Meanwhile, Germany faces a lot of – so far – unsolved problems: tax reform, pension-system reform, the euro, to mention but a few.

However, there does not seem to be anybody in the political landscape willing to take on

these tasks eagerly. The weary (and in the meantime retired?) Helmut Kohl does look like a suitable candidate after his 15-year chancellorship. Wolfgang Schäuble, the chancellor's close ally, has the required political pragmatism, but his handicap (unfortunate as it is) may be an obstacle. Gerhard Schröder enjoys the voters' popularity, but he does not have the support of his party to become a driving force. That leaves Oskar Lafontaine, the re-elected SPD leader. However, he has convinced only by his polemics so far. So, the question of Germany's political succession is open. Unfortunately, no answer is in sight.

Jochen Murach, Kleberwinkel 12, 94032 Passau, Germany

Duties will harm European textile industry

From Mr M.L. Fox.

Sir, Mr José Alexandre Oliveira's letter of December 5 supports the introduction of anti-dumping duties against six countries as a means of "ensuring the future of the textile industry as a whole".

In fact, the introduction of these duties would have the opposite effect, and jeopardise employment prospects in the majority of the textile and apparel industry.

Criet represents textile printers and dyers in nine European countries. This sector employs 150,000 workers, a similar number to the weaving sector, and is totally opposed to the introduction of the duties. More importantly, the making up sector in household

textiles and apparel which employs 2m workers is also opposed.

The adverse effects of the duties on costs and employment in these downstream sectors would be far greater than any possible benefits to weavers. They would lead directly to increased imports of finished cloth and garments since the same six countries are the leading non-EU competitors in the finished product market.

The majority of the industry also rejects European's contention that unfair dumping practices are taking place on cotton grey cloth.

The countries cited in the complaint have been supplying the

industry's basic raw material commodities on a normal commercial basis for many years, whereas the successful European weavers have developed their businesses by producing more specialised products with a higher added value.

This route is surely the only one which will help to ensure the future of the weaving sector, rather than try to restore the past through protective measures.

M.L. Fox, president, Criet, P O Box 518, 3900 AM Venendaal, The Netherlands

Easy peasy if you follow the beastly rule, with exemptions

From Mr Douglas Finney.

Sir, The hunting problem is simple for those who are not emotionally involved. The prime rule is that humans may not, either for pleasure or profit, benefit from creatures of all sorts being beastly to each other.

The following exemptions apply: ● Indirectly: anything produced on film by Sir David Attenborough and others showing creatures being beastly to each other is stimulating and civilised entertainment, and educational. Small children should be encouraged to watch.

● Directly: safari "camera" holidays and the like are enriching, particularly if one has the chance to witness a kill from a moving vehicle, with the aid of scuba equipment, and so on.

● Those who actually kill or maim creatures, such as those who go in for shooting or fishing, are exempt because there are too many of them.

● Not exempt: those who watch dogs being beastly to a fox from horseback.

There you are – easy peasy. Philip Stephens ("Morality hounded", November 28) can

return to defending his idol. Present rules are clear.

Douglas Finney, 34 Bolingbroke Grove, London SW11 6EL, UK

From Mr Adrian Hopkinson.

Sir, A number of your German readers are most grateful to you for making space in the FT to cover the hunting controversy. As should be expected, when your subject matter shifts from economics to country life a few errors creep in. You refer to hunting being much loved by the aristocracy. It is a long time since I have met an aristocrat in the hunting field and I have hunted from Arundel to Atherstone. Most of the people are determined business people from all walks of life – bakers to software programmers.

It takes courage to jump a stiff obstacle on a tired horse. However, courage is an attribute not cherished by the modern body politic – maybe they and you will rue the day.

Adrian Hopkinson, Preussens Strasse 17, 40883 Ratingen-Elsel, Germany

Compensate the others too?

From Mr S.V. Plettenberg.

Sir, Now that an objective view of historic injustices allows us to account for them, I too, quoting Mr H. Chamings (Letters, December 4), "would pose a further potentially embarrassing question: is nothing to be offered to those dependents of" the Boers who were exterminated in concentration camps, while their men resisted the British invasion to get at the gold then discovered?

Or to the descendants of the families of the Cossacks, if any can be found, who in the spring

of 1945 were turned over by the British Army to Stalin's Red Army for wholesale slaughter?

And to the descendants of the Irish bunted for a penny-a-scalp, if my memory from Blundell's school history class is right? I suggest the National Lottery and its equivalents in other countries set aside some funds for these noble amends.

S.V. Plettenberg, Casa Azul, Urb. Las Torres, 29600 Marbella, Spain

15:50 من الالاح



The storm of Indian politics has swirled around a lone and silent figure this week, that of Sonia Gandhi. She is at the centre of the storm in that many politicians have sought to use her name for their electoral advantage. She has been silent in refusing to respond to their efforts.

Yet she may end up on sidelines not just because she has held herself aloof from politics so far but also because there may be no future for the political tradition she represents, that of the dynasty.

Sonia Gandhi is the Italian widow of Rajiv Gandhi, the former Congress party prime minister who was assassinated by a Tamil Tiger suicide bomber in 1991. His death is the indirect cause of India's next elections. The party leaders deposed the ruling United Front government in response to a report alleging that a coalition party from Tamil Nadu had links with the Sri Lankan Tigers. There was little new in the allegation but Congress, heavily defeated in India's last elections 18 months ago, wanted a popular issue on which to stand. More important, it needed a leader.

And it looked to Rajiv's widow, thinking that this particular issue would bring her out onto the hustings, perhaps cowled in a widow's white sari. They believe she would be an election winner.

Woman in the News • Sonia Gandhi

The widow in white

India's Congress party has a leader in mind, says Mark Nicholson

So far Sonia has remained silent.

It is the second time Congress has implored her to lead them. The day after Rajiv's death, Congress leaders elected her as party president - eager, apparently, to capture the sympathy vote during the elections interrupted by Rajiv's assassination. Sonia refused. "The tragedy that has befallen my children and myself does not make it possible for me to accept the presidency of the Congress," she said then.

For the past six years, indeed, the 50-year-old Sonia Gandhi has kept such close counsel as to have wrapped herself in a myth. She rarely speaks in public. She courts Congress politicians, but while many like to speak for her, she almost never makes her views known directly. To India's press she has become an "enigma" and "mystery".

All this is a long way from her modest childhood as a poor builder's daughter in a small town near Turin, where they recall the young Sonia Maino as the "Cinderella of Orbasano". She met Rajiv while a language student at Cambridge in the

1980s. Rajiv was studying at Trinity College. They married in 1988.

She made her rare public appearances wrapped always in an elegant silk sari. "She is not a complex human being," wrote Wood Mehta, editor of Outlook magazine, recently. "She has only a few passions - her family in Delhi and Milan, five-star shopping and privacy. All of this laced with working-class Italian shrewdness, by which I mean a profound sense of self-interest."

And she has more cause than most to resist the allure of Indian politics. She was nearly when Indira Gandhi was machine-gunned by Sikh bodyguards in 1984 and cradled her dying mother-in-law. Then came the death of her husband.

Nevertheless, Sonia Gandhi has continued to pique the interests of Congress politicians because of her name and because she has not retired entirely into private life. She has developed the Rajiv Gandhi Foundation into one of India's biggest and most influential charities. This year she formally joined the Congress

party - causing excitement among Congress supporters and party leaders.

That said, she has never given any indication she wished to lead the party, or even campaign for it. She has given only two "political" speeches, in slightly accented Hindi, one last year to chide P.V. Narasimha Rao, then Congress president, for the slow progress of the report into Rajiv's death - a speech that persuaded some in the party that this was the issue which would bring her into politics. She also spoke briefly at a Congress meeting just two months ago, engendering further party excitement.

So, though she has given little encouragement, Sonia Gandhi holds Congress in thrall. "Madam," as she is reverently called, is seen as the saviour in waiting of a party that is demoralised, divided, devoid of issues and indifferently led. Since the death of Rajiv, the party has been led first by Mr Rao and now by the octogenarian Sitaram Kesri. Both men were regarded as stop-gaps on becoming leader.

For many, Sonia has

always been the true leader. "Congress doesn't have a leader just now," says Salman Khurshid, a former Congress minister. "It has put the leadership on hold, because of the belief that Sonia will give a reply. No other leader would come forward, because this would be violating the wait for Sonia."

The party has always needed some such power to hold it together, and that power has usually been a Gandhi. For most of its 112-year history it has been more a disparate movement than a coherent organisation - the movement which, under the political guidance of Jawaharlal Nehru and the moral leadership of Mahatma Gandhi - who was no relation - shook off British rule 50 years ago.

After Nehru came his daughter Indira Gandhi who did more than any post-independence Indian leader to centralise India's policy. At the same time turning Congress into a money-making, election-winning and increasingly corrupt political machine.

Mrs Gandhi's authoritarianism also corroded Con-

gress' internal democracy, instead bolstering dynastic control. She chose Sanjay, her oldest son, as political heir. But he died in a 1981 flying accident and by the time Indira died in 1984, Congress could see no further than her younger son, Rajiv, as successor.

"Because there has never been a mechanism for upward mobility in the party, there has also always been a large second tier of people competing for power whose claims cannot be mediated except by a much more powerful leader," says Yogendra Yadav, a political analyst. "Congress has therefore had to invent such a leader, like Rajiv Gandhi."

So Congress looks again towards its widow. Those who claim to know her well suggest that she believes she has more to lose than gain by entering India's rough political fray.

Though no-one knows the likely electoral strength of the "Sonia effect", without her over leadership or campaigning Congress will certainly suffer a crisis of morale and further electoral decline.

In 1991, Sonia was asked why she shied from publicity. "I just don't like being in the limelight," she said. "It's just my habit." Six years later, this looks like becoming the habit of a lifetime. Sonia may prefer to remain, to misquote Churchill, a riddle, wrapped in a sari, inside an enigma.

Crisis, what crisis?

Western markets seem to have regained their poise after events in Asia, says Tony Jackson

Was that it? After their nasty wobble a few weeks back, equity markets in the US and UK have bounced smartly back in the case of the UK, by 172 points on the FTSE 100 index over the past two days. Asia, it seems, has been fixed. If not, it no longer matters. Next stop 6,000 on the FTSE, and 10,000 on the Dow.

Well, perhaps. There is no question that in the context of the past 10 years, the latest correction - assuming it to be over - looks pretty minor. The real issue is more paradoxical.

The Asian crisis, however it is resolved, is an event of real weight for the world financial system. Before it hit, there was a pervasive sense that Wall Street was overvalued. Suppose the market now carries on up. Are we really saying that, from a western standpoint, the crisis is beneficial?

That case can perhaps be argued. The long bull market in equities has been positioned above all on the supposed death of inflation. On a benign interpretation, the Asian crisis can help that.

One of the prime causes of the crisis, it is now clear, was excessive capital investment by the tiger economies. The result is an Asian capacity glut. Taken along with competitive devaluation in the region, this is a recipe for downward pressure on prices in the western world.

At present, the markets are discounting a further rise in US interest rates. On the most bullish interpretation, the Asian disinflation

effect could mean the markets are in for a pleasant surprise.

What could go wrong? Quite a lot, and quite badly. The real bogey for the markets is deflation: a sustained period of falling prices, which would create negative equity for many borrowers and might reduce economic output.

Strictly speaking, this is not a new worry. A couple of years ago, some thoughtful analysts had already spotted the deflationary threat on two fronts: the continued weakness of the Japanese economy, and the depressing

effect of belt-tightening by European Union countries to meet the criteria for the single currency.

The latest crisis merely intensifies the risk. The bullish response is to say that, since the last great period of deflation in the 1930s, the world's central bankers have become much more sophisticated. It would be nice to think so. But the reality is that in the modern world deflation is unknown territory.

The other obvious risk is to economic growth rates and corporate earnings. Estimates for this vary widely,

but there is no doubt the danger is real. Indeed, the cynic might say that in putting together Asian rescue packages the west is simply out to protect its own export markets.

There are other threats to the bullish scenario. The determining factor for US inflation could still turn out to be not manufacturing capacity, but labour shortages. In that case US companies could face a crunch on margins; since they would be unable to raise prices in line with wages. But the threat does not seem immediate: at any rate, the market shrugged off yesterday's remarkably strong US employment figures.

Or perhaps the real risk to the markets will turn out to be liquidity. The nightmare is that distressed Japanese financial institutions, which are big holders of US financial assets, might have to call their money home.

But given the strength of the dollar and the fact that Japanese financial assets yield next to nothing, this would be a counsel of desperation. Indeed, there is a counter-argument. The more turbulent the world

becomes, the more the US could prove a safe haven for investors battered by losses in other markets.

Given all those conflicting factors, there is a final, less tangible argument on the bullish side. Besides the conquest of inflation, the other driving force behind the US bull market has been the sense that corporate America has reinvented itself.

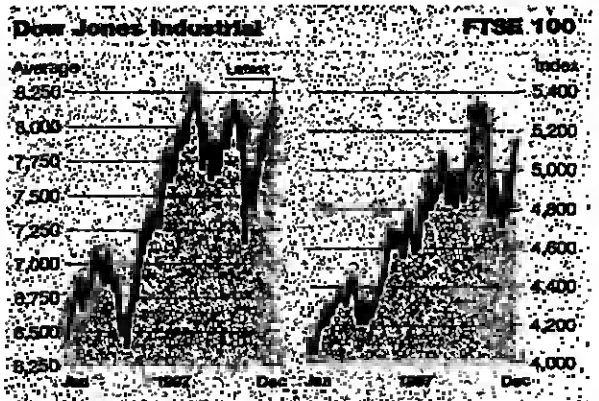
It is almost an effort to recall that, at the start of this decade, Americans were terrified of the competitive might of Japan. For some time now, the boot has been on the other foot. But the Asian crisis has served to reinforce the absolute dominance of the US corporate model.

This is most starkly illustrated by the plight of Korea: a reversal so brutal that its implications will take some time to sink in. Leave aside the fact that the headline pursuit of market share irrespective of profit has proved ultimately disastrous.

The real point goes deeper: that whereas the tiger economies have been remarkably adept at imitation, the real name of the game is innovation. And that remains an American speciality.

So can it really be true that the bull market is intact? The idea may stick in the gut, especially for those who have wrongly called the turn for the last 3,000 points on the Dow.

And, of course, it could all still go horribly wrong. But these are strange times, and if the upheavals in Asia cannot stop the market, it becomes increasingly hard to imagine what will.



Tabloid journalism has met communist China. James Harding was there

Gang of four found on Mars

Some pretty unusual stories have been appearing in the Shanghai press recently.

There was the case of the girl who developed fish scales on her skin. Or the saga of a local fat girl who is fighting a higher education college that refused her admission because of her weight. And the bizarre picture from a Chinese research laboratory which has grown a human ear off a living mouse.

China's media remain tightly controlled by the government. But as newspapers and magazines struggle with shrinking state subsidies and growing commercial pressures, a profit-driven populism is beginning to change the press. Tabloid newspapers are taking root in the world's oldest civilisation.

The New People's Evening News (Xinmin Wanbao) in Shanghai is the prime example. It is a local paper that leans the standard diet of edifying news in China with an entertaining mix of human interest stories.

On a typical day last week, for example, the paper crunched expensive coverage elsewhere of President Jiang Zemin's travels overseas and the latest reports on rising industrial output, in order to find room for stories about the growing curse of quack doc-

tors, the squalid state of public toilets and the humiliation of domestic servants. There has also been a series of reports on a man discovered to have murdered his unwanted baby girl by drowning her in a cesspool. And there are pages of "life-style" advice - how a husband should deal with his wife's lover, or whether Chinese employees need to use English names when working in foreign companies.

For seasoned readers of the Sun in the UK or America's National Enquirer, all this may seem pretty tame stuff. But coming after decades of colourless news coverage, filtered by government censors that treat the press as the state's pulpit, the New People's Evening News signals the instincts of the media in an emerging market economy - to entertain the people, rather than to lecture the proletariat.

To do that, the New People's Evening News has had its brushes with the government's propaganda officials, earning a reputation for sailing close to the wind - or, as the Chinese put it, "kicking the ball along the touchline" - of what is socially and officially acceptable for publication in China.

Ding Faxiang, the editor, says the paper seeks to promote the message of the Communist party, "but we

do not want to do it in a theoretical way, we want to do it with vivid stories."

"We try to cater to the interests of our readers, giving them stories with a broad appeal," says Mr Ding, explaining that a factory's industrial production may interest officials, but not "normal readers".

The more colourful mix sells. The New People's Evening News has seen its sales and advertising revenues rocket since the early 1990s, allowing it to operate as an increasingly profitable business. It now boasts a circulation of 1.85m papers a day.

That makes it the best-selling newspaper in China after the People's Daily, the official mouthpiece of the Communist party where circulation has been in long-term decline. Moreover, the People's Daily is often bought as a job lot by factories and offices as an act of official policy. The Evening News is bought largely by individuals from news stands or by private subscription as an act of personal choice.

So does this mean that China's politicians and celebrities are about to have their private lives "glorified" all over the popular press? For the current Communist party leadership the certain answer is no. They will be shielded by China's

strict political censorship. But China's previous leaders - preferably dead - are fair game. One cheap provincial magazine has devoted this month's edition to uncovering the "secret history" of "Chiang Kai-shek and his women".

As for the celebrities, China's magazines are avidly lifting stories from the Hong Kong and Taiwan gossip columns about those of Greater China, while doorknocking mainland China's home-grown stars.

The sports champion, the pop singer and the movie actor are emerging as the icons of modern China, supplanting the revolutionary heroes of communist China's more doctrinaire past. But, in the process, they are paying the price of fame: media scrutiny.

Zhang Yimou, the director of films such as *Raise the Red Lantern* and *To Live*, has been fodder for a more prying press. His ex-wife's account of their divorce was serialised in the Chinese papers, which also devoted themselves ceaselessly to covering his relationship and ultimate break-up with the beautiful actress Gong Li.

"There has been a big change in the Chinese press's coverage of people like us," Mr Zhang says. "I remember in the 1980s, editors, reporters and their readers thought it low to write or read about other

people's private lives; they looked down on the Hong Kong and Taiwan papers. It's a real tragedy that in the 1990s these papers and magazines have borrowed the Hong Kong and Taiwan reporting style and started recycling their stories."

Whether Chinese readers today believe what is written in the newspapers and magazines about celebrity private lives or mysterious scientific phenomena is another question. The irony may be that a Chinese people that has grown up to be sceptical of the official line on politics, having learnt to read between the lines to ascertain the latest twists behind Beijing's closed doors, may be relatively naive and credulous when it comes to the tabloids' universal tendency to exaggerate.

But as China has opened its doors to the outside world and begun to expose its media to the rigours of the market economy, a gossiping press is becoming a fact of life for the likes of Mr Zhang. "Attitudes have changed quickly. Reporters have started writing stories about the private life of celebrities at random. And people have started to change their thinking too. They have stopped looking down on them and begun to enjoy reading them." For China's newspaper readers, at least, that is something of a change.



Penned in: an Irish lorry passes through ranks of protesting Welsh farmers at Holyhead

Cold comfort farming

Maggie Urry explains why UK farmers are protesting with French-style tactics

What on earth is going on down on the British farm? Irrate agriculturalists have been disrupting UK ports from Stranraer to Dover. Some have been chucking imported beef into the sea, for all the world like a modern Boston tea party. Even the normally cautious leader of the National Farmers' Union, Sir David Naish, has been keen to distance himself from this militant behaviour, suggesting that, so long as the police were not intervening, then the actions must be legal and should be supported.

What has driven normally law-abiding British farmers to adopt French-style tactics? And is it really true, as some have claimed, that this is the worst period in UK farming for years?

"It's the only way to get people to take notice," says Steve Vining, a dairy farmer from Blandford Forum, Dorset. "We must do something before there's nothing left to save."

Farmers have been frustrated by the effects of "mad cow disease", which has caused the European Union to impose a worldwide ban on British beef exports. They have been angered by the squeeze on farm income that has resulted from the rising pound. And at the end of last week, their patience finally snapped at a pre-Christmas cattle auction in Anglesey, north Wales. With prices plummeting, farmers decided it was time for action, dumping 40 tonnes of Irish beefburgers into the Anglesey port of Holyhead, and sparking similar blockades elsewhere for days.

It is unusual for UK farmers to react like this, says Mr Vining. "We're not that sort of people." But the actions of French farmers, who "seem to have the police and the public on their side", has encouraged them.

Jim Walker, a sheep and beef farmer in Dumfriesshire, and one of the organisers of the Stranraer protest, says farmers "are the most conservative group of individuals you'll ever meet. We are not militant. But we see no way out."

Farmers certainly have a genuine problem. Farm profits have collapsed this year, and beef farmers are the hardest hit. "We are selling cattle for less than it costs to produce them," Mr Walker says. The price of a large beef animal at slaughter has dropped from around £875 (£1,460) to about £300.

Cattle farmers, already hit once by the BSE crisis, were hit again this week, when the government said it proposed to ban on beef sold on the bone.

Arable farmers are doing little better. A combination of lower yields, poorer quality (because of bad weather), and lower prices has cut their incomes, too. Some low-quality wheat is selling for £55 or £60 a tonne, well below the cost of production.

"Many, many farm businesses will be losing this year," says Sir David of the NFU. Farmers have brought in the harvest and sent their animals to the autumn livestock sales. Now they "are sitting there with a wedge of bills in one hand and a cheque in the other that aren't meeting. They are in dire straits. Enough is enough."

On Monday, the government forecast UK farm incomes would fall 37 per cent in real terms this year. The NFU, whose figures take account of the cost of family labour on farms, puts the decline at 47 per cent.

The main cause of the downturn has been the strength of sterling, which has hit all sectors of farming. Under the European Common Agricultural Policy, minimum prices of the main crops and products are

set in Ecus. As the pound has risen, the sterling value of crops has fallen.

In 1995 the European Union set up a compensation system for countries whose currencies revalue. Under the EU formula, UK farmers could receive up to £980m in compensation, spread over three years. However, the farmers complain that the UK government has refused to apply for compensation.

"Irish farmers have had two revaluations compensated," says Mr Walker. "They can afford to dump beef on our market. Our argument isn't with them but with our government. We've waited seven months for Jack Cunningham [the agriculture minister] to do something for us."

At first the government's response was that farmers have already had massive support from public funds for BSE.

On the government's figures, farm incomes are no lower in real terms than they were in the late 1980s. The agriculture ministry said: "It is not the business of government automatically to provide subsidies to make up annual variations in income."

By Thursday night, though, the government's line was softening as cabinet members began considering extra aid for farmers.

Those able to look beyond the present crisis are not so pessimistic. Farmers owe Barclays Bank 12 per cent more than they did a year ago, but John Page, head of agricultural lending, is not sending in the bailiffs. He is expecting a recovery next year, when the pound is forecast to weaken.

He says: "There is no doubt farm incomes have dropped horribly. But it has all happened before. In 1985 and 1977 there were steep falls in income. The one you're in at the moment is always the worst ever."

Concern over future of gold mines

MARKETS REPORT

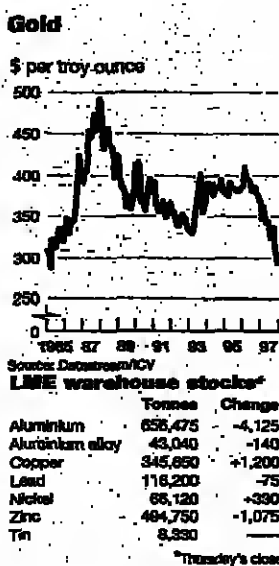
By Gary Mead

Those hoping for an end to the recent pressure on gold were further disappointed yesterday, as the reverberations from news that Argentina's central bank had sold its bullion reserves continued to echo round the markets.

The morning "fix" in London of \$387.05 an ounce, was the lowest point since March 1985; the slight recovery in the afternoon, to \$387.40 an ounce, was small comfort in an overall bleak context.

With the economic slowdown in Asia, one of the main stimuli for increased physical demand has weakened in recent weeks. Analysts are increasingly concerned that, with only some 40 per cent of the world's gold mines covering their costs at prices below \$300 an ounce, any prolonged depression in gold prices will force a number of mine operators permanently out of business early in 1998.

"We might see a short-term rally of \$10-\$15 in the run-up to Christmas but the new year will bring another fall to perhaps as low as \$250," said Ted Arnold, precious metals analyst with Merrill Lynch. "My belief is that the European Central Bank will be formed with about 20 per cent of its reserves in gold, which will leave as much as 12,000 tonnes of gold kicking around Europe. That's six years' global production," he added.



Crude oil prices bounced back slightly yesterday, as it became evident that Iraq had decided - for the time being, at least - not to resume oil exports under the so-called oil-for-food deal with the United Nations.

On the International Petroleum Exchange, Brent crude for January was up 31 cents to \$18.29 a barrel, while on the New York Mercantile Exchange, January crude recovered 16 cents, to \$18.76 a barrel in later trading, having touched an early peak of \$19.07.

Analysts said yesterday that the outlook for 1998 was still quite bearish, given that Iraq is expected eventually to resume and significantly increase exports early in the new year.

WEEKLY PRICE CHANGES

	Latest	Change	Year	1997
			to date	Low
Gold per troy oz.	\$387.40	+0.80	\$386.60	\$386.80
Silver per troy oz.	\$19.00	+0.00	\$18.95	\$18.95
Aluminium 99.7% (cash)	\$1,000	+0.00	\$1,000	\$1,000
Copper Grade A (cash)	\$1,000	+0.00	\$1,000	\$1,000
Lead (cash)	\$220	+0.00	\$220	\$220
Nickel (cash)	\$3,000	+0.00	\$3,000	\$3,000
Zinc (cash)	\$1,000	+0.00	\$1,000	\$1,000
Cocoa Futures Dec	\$1,000	+0.00	\$1,000	\$1,000
Coffee (LDP Row)	\$1,000	+0.00	\$1,000	\$1,000
Barley Futures Jan	\$1,000	+0.00	\$1,000	\$1,000
Wheat Futures Jan	\$1,000	+0.00	\$1,000	\$1,000
Cotton Futures Jan	\$1,000	+0.00	\$1,000	\$1,000
Oil (Brent Blend)	\$1,000	+0.00	\$1,000	\$1,000

WORLD BOND PRICES

Treasuries hit by report on jobs

GOVERNMENT BONDS

By John Labate in New York and Vincent Boland in London

US TREASURIES plunged yesterday after the release of a stronger-than-expected employment report, dragging European bond markets down. However, by early afternoon treasuries had come off earlier lows.

The 30-year bond was

down 1/8 to 100 1/8, sending the yield to 6.102 per cent. Among shorter-term issues the 10-year note slid 1/8 to 101 1/8, yielding 5.908 per cent, while the two-year note fell 1/8 to 99 1/8, yielding 5.760 per cent.

November's unemployment rate fell to 4.6 per cent, its lowest point since 1973.

Payroll employment increased by 404,000 jobs during the month - nearly twice what the market had

BASE METALS

LONDON METAL EXCHANGE

(Prices in Pounds Sterling per tonne)

Aluminium 99.7% (cash)

Cash 3 mths

Close 1554.5-55.5 1577-78

Previous 1559.5-60.5 1582-83

High/Low 1562/1572

AM Official 1565-66 1572-73

Kerb close 1565-66 1572-73

Open Int. 258,104

Total daily turnover 70,396

Aluminium alloy (per tonne)

Close 1420-30 1440-45

Previous 1420-30 1440-45

High/Low 1420/1440

AM Official 1425-35 1445-50

Kerb close 1425-35 1445-50

Open Int. 5,964

Total daily turnover 888

LEAD (per tonne)

Close 558.5-5.5 540-3

Previous 558.5-5.5 540-3

High/Low 558.5/540-3

AM Official 564-25 542.5-43.0

Kerb close 564-25 542.5-43.0

Open Int. 32,446

Total daily turnover 9,482

NICKEL (per tonne)

Close 5956-75 6050-60

Previous 5956-75 6050-60

High/Low 5956/6050-60

AM Official 6010-20 6125-30

Kerb close 6010-20 6125-30

Open Int. 60,867

Total daily turnover 20,225

TIN (per tonne)

Close 5810-20 5950-60

Previous 5810-20 5950-60

High/Low 5810/5950-60

AM Official 5720-30 5720-30

Kerb close 5720-30 5720-30

Open Int. 15,120

Total daily turnover 3,087

ZINC, special high grade (per tonne)

Close 1112-13 1125-36

Previous 1112-13 1125-36

High/Low 1112/1125-36

AM Official 1109.5-10.5 1122-28

Kerb close 1109.5-10.5 1122-28

Open Int. 83,227

Total daily turnover 20,178

COPPER, grade A (per tonne)

Close 1795.0-0.5 1829-30

Previous 1795.0-0.5 1829-30

High/Low 1795/1829-30

AM Official 1812-13 1842-43

Kerb close 1812-13 1842-43

Open Int. 160,827

Total daily turnover 44,613

LME AM Official 2% rate 1.8625

LME Closing 2% rate 1.8670

Spot LBMS 1% rate 1.8577 1% rate 1.8612

HIGH GRADE COPPER (COMEX)

Close 78.00 -1.30 82.30 82.30

Previous 78.00 -1.30 82.30 82.30

High/Low 78.00/82.30

AM Official 80.00 81.00 81.00

Kerb close 80.00 81.00 81.00

Open Int. 81.00 81.00 81.00

Total 82.10 -1.20 84.00 82.10

1.81 63,634

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N.M. Rothschild)

Gold (per troy oz.) \$1,000 120.00

Silver (per troy oz.) \$1,000 120.00

Palladium (per troy oz.) \$1,000 120.00

Platinum (per troy oz.) \$1,000 120.00

Rhodium (per troy oz.) \$1,000 120.00

Pt 1000 120.00 120.00

Pt 500 120.00 120.00

Pt 250 120.00 120.00

Pt 125 120.00 120.00

Pt 62.5 120.00 120.00

Pt 31.25 120.00 120.00

Pt 15.625 120.00 120.00

Pt 7.8125 120.00 120.00

Pt 3.90625 120.00 120.00

Pt 1.953125 120.00 120.00

Pt 0.9765625 120.00 120.00

Pt 0.48828125 120.00 120.00

Pt 0.244140625 120.00 120.00

Pt 0.1220703125 120.00 120.00

Pt 0.06103515625 120.00 120.00

Pt 0.030517578125 120.00 120.00

Pt 0.0152587890625 120.00 120.00

Pt 0.00762939453125 120.00 120.00

Pt 0.003814697265625 120.00 120.00

Pt 0.0019073486328125 120.00 120.00

Pt 0.00095367431640625 120.00 120.00

Pt 0.000476837158203125 120.00 120.00

Pt 0.0002384185791015625 120.00 120.00

Pt 0.00011920928955078125 120.00 120.00

Pt 5.96e-05 120.00 120.00

Pt 2.98e-05 120.00 120.00

Pt 1.49e-05 120.00 120.00

Pt 7.45e-06 120.00 120.00

Pt 3.72e-06 120.00 120.00

Pt 1.86e-06 120.00 120.00

Pt 9.3e-07 120.00 120.00

Pt 4.65e-07 120.00 120.00

Pt 2.32e-07 120.00 120.00

Pt 1.16e-07 120.00 120.00

Pt 5.8e-08 120.00 120.00

Pt 2.9e-08 120.00 120.00

Pt 1.45e-08 120.00 120.00

Pt 7.25e-09 120.00 120.00

Pt 3.62e-09 120.00 120.00

Pt 1.81e-09 120.00 120.00

Pt 9.05e-10 120.00 120.00

Pt 4.52e-10 120.00 120.00

Pt 2.26e-10 120.00 120.00

Pt 1.13e-10 120.00 120.00

Pt 5.65e-11 120.00 120.00

Pt 2.82e-11 120.00 120.00

Pt 1.41e-11 120.00 120.00

Pt 7.05e-12 120.00 120.00

Pt 3.52e-12 120.00 120.00

Pt 1.76e-12 120.00 120.00

PRECIOUS METALS continued

GOLD COMEX (100 troy oz.)

Settled Day's

price change High Low Vol

Dec 288.4 +1.9 289.6 288.5 939 1,824

Jan 289.2 +1.9 290.0 289.0 - 8

Feb 290.5 +2.0 291.7 289.2 30,303 114,464

Mar 292.1 +2.0 293.0 290.4 277 11,174

Apr 294.4 +2.0 294.8 293.5 600 12,438

May 296.5 +2.0 297.0 295.5 188 4,803

Total 32,889 128,346

PLATINUM NYMEX (50 troy oz.)

Settled Day's

price change High Low Vol

Dec 336.5 +1.5 338.0 335.0 394 1,136

Jan 337.5 +1.5 339.0 336.0 372 2,770

Feb 340.0 +1.5 341.5 338.0 377 11,111

Mar 342.5 +1.5 344.0 340.0 377 11,111

Apr 345.0 +1.5 346.5 341.0 377 11,111

May 347.5 +1.5 349.0 344.0 377 11,111

Total 7,363 33,884

PALLADIUM NYMEX (100 troy oz.)

Settled Day's

price change High Low Vol

Dec 303.5 +1.5 305.0 302.0 47 391

Jan 307.5 +1.5 309.0 304.0 164 3,761

Feb 310.5 +1.5 312.0 307.0 62 242

Mar 313.5 +1.5 315.0 309.0 62 242

Apr 316.5 +1.5 318.0 310.0 62 242

May 319.5 +1.5 321.0 312.0 62 242

Total 283 4,418

SILVER COMEX (5000 troy oz.)

Settled Day's

price change High Low Vol

Dec 536.5 +1.5 538.0 535.0 394 1,136

Jan 537.5 +1.5 539.0 536.0 372 2,770

Feb 540.0 +1.5 541.5 538.0 377 11,111

Mar 542.5 +1.5 544.0 540.0 377 11,111

Apr 545.0 +1.5 546.5 541.0 377 11,111

May 547.5 +1.5 549.0 544.0 377 11,111

Total 7,363 33,884

ENERGY

CRUDE OIL NYMEX (1,000 barrels)

Settled Day's

price change High Low Vol

Dec 18.62 +0.05 18.67 18.60 108,7

CURRENCIES AND MONEY

Dollar surges

MARKETS REPORT

By Simon Kuper

The dollar rose to Y130 after the yen yesterday after the US non-farm payroll report showed unexpectedly strong jobs and earnings growth in November.

Non-farm jobs rose by 404,000, double the forecast and their biggest gain in 21 months, while the jobless rate sank to 4.6 per cent, its lowest since 1972.

The market upgraded its prospects of the Federal Reserve raising interest rates on December 16, after the bank's next Open Market committee meeting. However, on balance traders still expect no Fed move.

The yen had earlier gained on comments from Hiroshi Mitsuoka, Japan's finance minister, who said: "We will deal with excessive yen weakness in a timely and appropriate way. We will

continue to watch the foreign exchange market closely while being prepared to take action." Various Japanese officials have this week hinted at intervention in the market.

Also in Asian trading, the yen had been supported by reports that Japan's ministry of finance had made large dollar deposits at several major banks. This was seen as allowing Japanese banks to meet their dollar demand without having to

pay a premium on the market. Furthermore, some traders saw the move as pressuring dollar sales by Japan.

The dollar gained Y0.7 against the yen and 1.3 pence against the D-Mark to close in London at Y130.1 and DM1.783.

Dollar

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Yen per \$

Sterling

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UNIT TRUSTS

WINNERS AND LOSERS

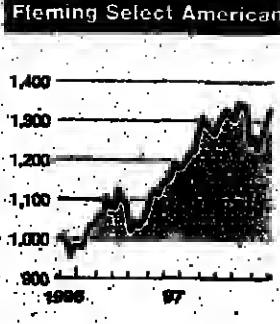
TOP FIVE OVER 1 YEAR

CF Shaw Utilities	1,377
Aberdeen Frontier Markets	1,362
NPI Latin American Acc	1,354
Royal London European Growth	1,329
Fleming Select American	1,328

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	298
Save & Prosper Gold & Exp	327
Save & Prosper Korea	358
Schroder Seoul	382
Waverley Australasian Gold	385

Fleming Select American



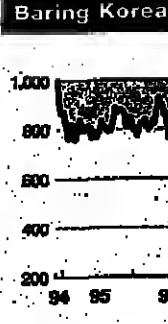
TOP FIVE OVER 3 YEARS

GA North America Growth	2,515
Hill Samuel US Smaller Cos	2,322
Royal Life United States	2,216
Johnson Fry Slater Growth	2,206
Franklin Health	2,184

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	187
Old Mutual Thailand Acc	205
Schroder Seoul	232
Baring Korea	263
Waverley Australasian Gold	389

Baring Korea



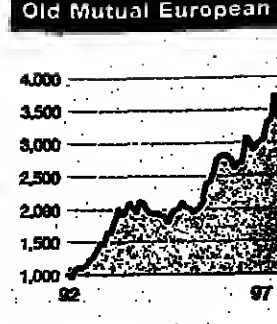
TOP FIVE OVER 5 YEARS

Old Mutual European	3,340
GA North America Growth	3,326
Hill Samuel UK Emerging Cos	3,182
Gartmore UK Smaller Companies	3,115
Invesco European Growth	3,032

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	220
Old Mutual Thailand Acc	473
Baring Korea	517
Henderson Japan Smaller Cos	611
Save & Prosper Japan Small Cos	653

Old Mutual European



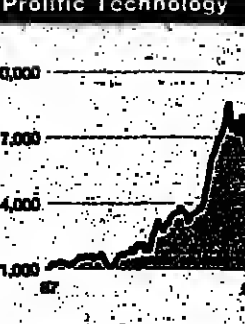
TOP FIVE OVER 10 YEARS

RSC US Small Companies	11,497
Hill Samuel US Smaller Cos	9,992
HSC Hong Kong Growth	9,055
Proflite Technology	8,115
Franklin Health	8,082

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	361
Barclays Japan Inc	517
Save & Prosper Gold & Exp	519
Henderson Japan Smaller Cos	577
M&G Japan Acc	621

Proflite Technology



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: REUTERS (Tel: 01625 511311)

Indices

Average Unit Trust	1028	1320	1765	3113	3.5	2.5
Average Investment Trust	1092	1397	2008	3480	4.8	4.9
Bank	1037	1114	1186	1702	0.0	5.5
Building Society	1034	1111	1202	1810	0.0	5.2
Stockmarket: FTSE All-Share	1212	1222	2103	4150	2.6	3.4
Inflation	1057	1088	1140	1544	0.3	-

UK Growth

Johnson Fry Slater Growth	1209	2205	2489	-	3.0	0.6
Perpetual Income	1090	1908	2622	-	2.4	2.2
Old Mutual Growth	1170	1883	2497	2906	2.4	0.6
Mercury Recovery	1109	1868	2245	2856	3.0	1.6
River & Mercantile 1st Growth	1184	1835	-	-	2.7	1.0
SECTOR AVERAGE	1107	1551	1868	3019	2.7	1.8

UK Growth & Income

Fleming Select UK Income	1295	1839	2343	3470	2.5	3.0
Perpetual Income	1168	1728	2433	3257	2.8	2.6
Lazard UK Income & Growth	1189	1705	2040	3472	2.6	3.1
Britannia UK General Inc	1138	1697	1878	2962	2.6	2.6
HSBC Footele Fund	1239	1897	-	-	3.0	2.1
SECTOR AVERAGE	1136	1536	1877	3172	2.6	2.5

UK Smaller Companies

Gartmore UK Smaller Companies	1098	1879	3115	3156	3.3	0.4
Laurence Keen Smaller Cos	1080	1882	-	-	3.0	1.5
AES Smaller Companies	1058	1831	2473	-	2.9	1.1
INVESTCO UK Smaller Companies	995	1783	2901	2594	3.7	1.8
Britannia Smaller Co's Acc	1089	1773	2693	3439	2.9	0.4
SECTOR AVERAGE	1005	1385	2142	2453	2.9	1.8

UK Equity Income

Jupiter Income	1166	1886	3028	5077	2.2	4.0
Lazard UK Income	1178	1781	2263	4103	2.4	4.1
BWD UK Equity Income	1176	1723	2418	3190	2.3	3.4
Britannia High Yield Inc	1142	1693	2246	3725	2.4	8.6
Newton Higher Income	1223	1674	1838	3418	2.6	5.0
SECTOR AVERAGE	1139	1510	1963	3118	2.4	4.3

UK Equity & Bond Income

HSBC High Income	1198	1806	-	-	2.0	5.7
Proflite Extra Income	1098	1581	1902	3028	2.4	4.1
Edinburgh High Distribution	1184	1598	1970	2569	2.4	3.7
CIS UK Income	1177	1528	1891	-	2.4	3.7
Clear Med Retirement Income Inc	1173	1503	1885	-	2.4	5.1
SECTOR AVERAGE	1107	1384	1788	2582	2.1	5.2

UK Eq & Bd

BWD Balanced Portfolio	1123	1748	2350	-	3.1	1.3
Perpetual High Income	1162	1650	2373	-	2.9	3.0
Credit Suisse High Income Port	1126	1578	2131	-	2.4	4.1
Capital Income Dis	1136	1581	1932	2885	2.1	3.2
NPI UK Extra Income Inc	1065	1509	2004	-	2.2	3.1
SECTOR AVERAGE	1105	1508	1976	2836	2.2	2.9

UK Fixed Interest

Aberdeen Fixed Interest	1126	1489	2180	2620	1.4	8.1
Dresdner RCM Preference Inc	1126	1485	1678	2418	1.5	7.8
CU PPT Monthly Income Plus	1139	1421	1718	-	1.8	7.4
M&G Corporate Bond	1131	1407	-	-	1.9	6.5
CU PPT Preference Inc	1174	1388	1983	2482	2.1	6.8
SECTOR AVERAGE	1073	1351	1806	2073	1.9	6.5

UK Gilt

M&G Gilt & Fixed Interest	1114	1354	1468	2026	1.8	6.0
Gartmore PS Fixed Interest	1108	1318	1460	-	1.8	5.8
Murray Aueren Reserve	1081	1314	1446	-	1.5	6.3
Mercury Long-Dated Bond	1082	1318	-	-	2.2	5.1
Gartmore PS Index Linked Gilt	1089	1294	1450	-	1.4	2.5
SECTOR AVERAGE	1086	1231	1342	1970	1.4	5.7

International Equity Income

GT International Income Inc	1157	1585	1889	3682	2.6	2.0
Martin Currie Int'l Income	1118	1475	1943	-	2.7	4.2
Mayflower Global Income	1114	1429	1880	2681	2.3	2.7
M&G International Income	1100	1408	1873	3425	2.7	4.2
Barclays International Income	1091	1371	1886	2342	3.0	1.5
SECTOR AVERAGE	1086	1404	1779	2795	2.8	2.5

International Fixed Interest

Baring Global Bond	1002	1303	1460	-	1.8	4.8
City Financial Backman Int'l	1017	1258	1235	1911	2.5	8.1
Newton International Bond	1004	1249	1367	-	2.0	4.9
Barclays BGI Int'l Fx Int'l Inc	1009	1221	-	-	1.0	5.2
AES Int'l Bond & Convertible	1027	1208	1361	-	1.3	6.1
SECTOR AVERAGE	982	1108	1190	1772	1.8	5.1

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1058	1484	1314	-	2.3	2.4
Fleming General Opportunities	1132	1472	1733	-	2.0	3.4
Capital-Cure Hallmark Growth	1127	1454	1704	2810	2.7	1.7
Ballie Gifford Managed	1087	1427	1723	3299	2.7	2.4
Mark & Spencer Inv Port Acc	1105	1415	1729	-	2.3	2.2
SECTOR AVERAGE	1089	1317	1589	2573	2.4	2.4

International

Franklin Health	1066	2194	2118	8002	7.0	-
Proflite Technology	1025	2097	2902	8115	7.0	-
Save & Prosper Financial Secs	1218	2072	2818	5129	3.3	1.4
Franklin Financial	1231	1950	2683	6428	3.2	0.9
Save & Prosper Growth	1181	1783	2488	4538	3.1	1.5
SECTOR AVERAGE	1049	1284	1734	3145	3.7	1.1

Nth America

GA North America Growth	1252	2515	3325	7887	4.8	0.0
Hill Samuel US Smaller Co's	1100	2322	2718	9992	5.3	-
Royal Life United States	1289	2218	2849	5940	4.0	0.3
Dresdner RCM America Sm Co	1138	2178	2253	4639	4.8	-
Edinburgh North American	1140	2173	2694	5571	3.8	0.5
SECTOR AVERAGE	1190	1801	2398	5077	4.4	0.5

Europe

Jupiter European	1112	2046	3030	5500	3.4	0.5
Baring Europe Select	1108	1924	2906	4068	3.8	0.8
INVESTCO European Growth	1184	1914	3032	4565	4.2	-
Thredneedle Euro Sel Gt Acc R	1172	1903	2790	3914	4.4	0.1
TU European	1228	1898	-	-	2.8	1.0
SECTOR AVERAGE	1139	1546	2195	3626	3.6	0.7

Japan

GT Japan Growth	891	820	1379	1583	3.7	-
Murray Japan Growth	913	835	1173	-	4.9	-
Martin Currie Japan	836	831	1317	-	5.8	-
Newton Japan	913	822	1217	1264	5.4	-
Ballie Gifford Japanese	913	803	1105	1392	5.6	-
SECTOR AVERAGE	790	611	926	1029	5.7	0.5

Far East inc Japan

AIB Greater Greater China	900	1022	1842	3753	6.8	-
Dresdner RCM Oriental Inc Inc	887	907	1239	2438	5.0	4.5
Schroder Far East Growth Inc	756	822	1485	-	5.8	-
Friends Prov Pacific Basin	756	820	1332	1740	5.3	0.2
Perpetual Far East Growth	723	806	1557	3155	4.5	1.3
SECTOR AVERAGE	706	718	1184	2088	5.6	1.1

Far East exc Japan

HSBC Hong Kong Growth	902	1644	2682	9055	8.8	0.4
INVESTCO Hong Kong & China	958	1359	2011	6737	8.1	0.6
Friends Prov Australian	898	1252	1863	4289	4.8	-
Old Mutual Hong Kong	781	1235	1808	5950	8.5	1.3
Gartmore Hong Kong	737	1089	1682	6497	8.3	1.5
SECTOR AVERAGE	643	736	1241	3910	7.1	1.2

Best Peps

Johnson Fry Slater Growth	1209	2205	2489	-	3.0	0.6
Save & Prosper Financial Secs	1218	2072	2818	-	3.3	1.4
Jupiter European	1112	2046	3030	-	3.4	0.5
Jupiter Income	1108	1924	2906	-	3.8	0.8
Gartmore UK Smaller Companies	1098	1879	3115	-	3.3	0.4
AVERAGE UT PEP	1095	1479	1924	-	2.7	2.5

Property

Aberdeen Property Share	1211	1526	2505	-	2.8	1.2
Norwich Property	1083	1196	1599	-	1.0	4.7
Barclays Property	1091	1184	1325	-	1.0	5.5
SECTOR AVERAGE	1105	1285	1607	-	1.8	4.1

Commodity & Energy

M&G Australasian Acc	805	1148	1953	2173	5.4	2.2
M&G Commodity	854	854	1557	1793	6.5	1.4
Save & Prosper Commodity	709	814	1338	1653	6.2	-
Hill Samuel Natural Resources	684	725	1139	1504	5.4	1.0
TSB Natural Resources	818	688	1523	2145	6.2	0.3
SECTOR AVERAGE	884	884	1413	1368	7.0	1.1

Investment Trust Units

Quilter High Inc Inv Trst Acc	1098	1373	2261	-	2.5	3.5
Quilter Investment Trusts Inc	978	1324	2162	-	3.1	0.4
M&G Fund of Investment Trusts	944	1260	1945	3331	3.1	1.8
Equitable Trust of Invest Trst	1011	1255	1934	3699	2.7	1.8
Gartmore Practical Inv Inc	1042	1242	1580	2887	2.3	3.4
SECTOR AVERAGE	1036	1218	1672	3089	2.8	2.1

Fund

Authorised Investment Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 771) 878 4878 for more details.

FT MANAGED FUNDS SERVICE

AUTHORISED INVESTMENT FUNDS -

Unit Trusts and OEICs
(Open-ended investment companies)

A&A Asset Managers Ltd (2000)

27-29 Bedford Way, London EC1A 1JF, 0171-493 2244

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B&B Securities Unit Trust Managers Ltd (2000)

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Capital Core Movers Unit Trust Managers Ltd (2000)

27-29 Bedford Way, London EC1A 1JF, 0171-493 2244

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

دستور العمل

Insurances, Money Markets and Other

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (1-44 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE[illegible]

Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE[illegible]

Offshore Insurances and Other Funds

11/15/14

[illegible]

هكذا من الامم

ALCOHOLIC BEVERAGES

CHEMICALS, Cont

ENGINEERING - Cont.

EXTRACTIVE INDUSTRIES - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

BANKS, RETAIL

DISTRIBUTORS

FOOD PRODUCERS

[illegible]

BREWERIES, PUBS & REST

—

[illegible]

BUILDING & CONSTRUCTION

WATER	172.5	111.5
WATER	172.5	111.5
WATER	172.5	111.5

11

Dr. J. H. H. H.

HY TRUSTS SPLIT CAPITAL		1987		1986		1985	
	Interest	Div	Yield	Div	Yield	Div	Yield
Approved by the Federal Reserve							
Affiliated Capital Inc. - 1	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 2	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 3	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 4	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 5	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 6	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 7	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 8	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 9	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 10	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 11	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 12	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 13	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 14	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 15	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 16	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 17	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 18	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 19	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 20	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 21	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 22	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 23	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 24	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 25	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 26	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 27	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 28	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 29	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 30	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 31	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 32	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 33	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 34	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 35	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 36	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 37	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 38	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 39	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 40	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 41	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 42	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 43	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 44	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 45	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 46	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 47	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 48	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 49	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 50	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 51	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 52	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 53	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 54	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 55	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 56	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 57	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 58	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 59	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 60	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 61	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 62	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 63	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 64	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 65	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 66	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 67	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 68	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 69	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 70	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 71	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 72	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 73	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 74	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 75	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 76	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 77	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 78	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 79	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 80	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 81	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 82	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 83	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 84	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 85	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 86	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 87	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 88	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 89	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 90	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 91	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 92	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 93	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 94	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 95	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 96	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 97	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 98	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 99	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44
Affiliated Capital Inc. - 100	\$250.00	1.00	1.44	1.00	1.44	1.00	1.44

BUILDING MATS. & MERCHANTS

HOUSEHOLD GOODS

[illegible]

CHEMICALS

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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Dec 5/US\$)

(4 pm close)

NYSE

NASDAQ

AMEX

NYSE

NASDAQ

AMEX

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Rockwell is pioneering GPS-based air traffic management systems for passengers' safety, efficiency and convenience.

Rockwell

http://www.rockwell.com

INDICES

Dec 5/US\$

Dec 4/US\$

Dec 3/US\$

Dec 2/US\$

Dec 1/US\$

Dec 30/US\$

Dec 29/US\$

Dec 28/US\$

Dec 27/US\$

Dec 26/US\$

Dec 25/US\$

Dec 24/US\$

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Dec 22/US\$

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Dec 28/US\$

Dec 27/US\$

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Dec 25/US\$

Dec 24/US\$

Dec 23/US\$

Dec 22/US\$

Dec

WORLD STOCK MARKETS

Dow gains in spite of sliding bonds

AMERICAS

US equities ignored a morning of plunging bond prices and new signs of surprising strength in the labour market to send the Dow Jones Industrial Average above the 8,100 level, writes John Labate in New York.

By 12.30pm the Dow had gained 62.67 or 0.78 per cent at 8,112.83. The broader Standard & Poor's 500 index gained 7.17 at 980.27, while the technology-rich Nasdaq composite index rose 10.40 or 0.64 per cent at 1,623.82.

In the most anticipated economic report of the week, unemployment for November fell to 4.6 per cent, its lowest point in 24 years. Payroll employment surged by 404,000 jobs while average hourly earnings rose 0.6 per cent. The report set off a wave of early selling in the Treasury market, but by midday bonds were off earlier lows. The 30-year bond price was down 3/8 to 100 1/8, lifting yield to 6.102 per cent.

The market had its own reading on the jobs report. "Low unemployment is inflationary but it promotes the fact that we're going to see strong earnings," said Michael Clark, head of listed trading at Credit Suisse First Boston.

Leading the Dow higher was Hewlett-Packard, which rose \$2 1/2 to \$95 1/2.

Growth hopes lift Caracas

Latin American centres spent a mixed morning with Mexico City trading lower but Caracas moving strongly ahead following an upbeat economic forecast from the finance ministry.

CARACAS gained ground to push the IBC index ahead by 93.06 or 1.1 per cent to 8,728.01 at midsession.

Brokers said volume was on the low side with most participants keeping out of the market until the latest US jobs data could be fully analysed.

Among financial stocks, reports that Merrill Lynch was close to acquiring investment bank Hambrecht & Quist sent both shares lower. Hambrecht & Quist, which rose more than 9 per cent on Thursday, was down 4.4 per cent yesterday to \$43. Merrill's shares were off by \$4 to \$75 1/2.

In the computer sector, Ascend Communications surged 3% or more than 13 per cent to \$30 1/2 on takeover rumours. Shares in Netscape Communications rose more than 6 per cent to \$11 1/2 at \$28 1/2 after the company released results.

TORONTO moved higher with banks and golds gaining ground steadily after initial slippage following the publication of the US employment data. At noon, the 300 composite index was up 31.29 at 6,693.60.

Golds made progress with Barrick and Placer Dome adding 30 cents at C\$22.60 and 60 cents at C\$15.90. Banks too were in demand. Royal Bank of Canada rose 25 cents to C\$80.15 and Bank of Montreal improved 5 cents to C\$84.10. Toronto-Dominion Bank added 10 cents to C\$52.70. BCE put on 40 cents to C\$45.90.

Among smaller caps, the soft drinks group Cotti Corp repaired early damage following weak third-quarter results, hardening 5 cents to C\$14.05.

EUROPE

European equities wobbled violently when the US jobs data for November flashed across dealers' screens, but Wall Street made a fairly resilient start and by the European close leading bourses were back on the upswing.

FRANKFURT easily recovered its 1 per cent afternoon slide with the stronger dollar helping shares to climb back to morning highs. The Xetra Dax index closed 32.09 higher at 4,191.81.

Deutsche Bank was the day's most heavily traded share, up DM2.75 at DM118.10 on rumours that it may buy some of SBC's Swiss businesses if UBS and SBC merge. It was unclear if these would be in retail or investment banking and Deutsche refused to comment on the rumours.

Economic and transport group Vossloh lost DM3.80 to DM102.50 after it warned that profits would be slightly below this year's expected level of DM54m.

Veolia was still in focus after Thursday's restructuring announcement, but fell back to close lower after initially touching a year high of

IMF deal pushes Seoul 7% higher for second day

ASIA PACIFIC

SEOUL extended Thursday's broadly-based rally as investors stayed on the buy side, hoping that dramatic measures ordered by the International Monetary Fund will revive foreign investment in South Korean equities.

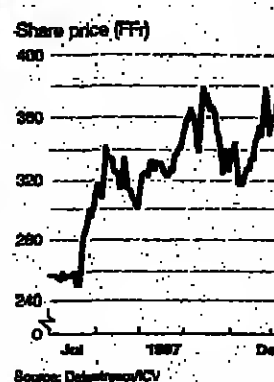
The composite index rose by 7 per cent for the second day, ending at close 28.31 higher at 434.12.

Volumes fell to 91.4m shares traded from Thursday's record 111.2m, but the market's momentum was again sharply upward. Gainers outnumbered losers by 711 issues to 196.

Analysts said investors were pinning their hopes on a measure requiring foreign ownership limits on Korean stocks to be lifted from 26 per cent to 50 per cent on December 15.

Buying was most active in those shares seen as likely

SOUTH KOREA



Source: DataStream/KNV

DM116. The shares closed 30 pf higher at DM115.35. Other utility stocks continued to benefit from speculation that they will soon announce restructurings. VIAG advanced DM38.50 to DM984.50 while RWE was DM2.05 higher at DM97.75.

PARIS ran up strong gains for CCF and Alcatel Alsthom, with bid rumours supporting the bank and the planned flotation of its GEC Alsthom unit lifting Alcatel. At the end of a relatively slow day for trading, the CAC 40 index was 4.36 ahead at 2,910.09.

CCF jumped FF15.00 or 4 per cent to FF339 in good

volume on talk that a foreign buyer was teeing up a takeover.

The stock has risen 8 per cent in two days, although the upturn on Thursday was at the time said to stem from the group's purchase of a controlling stake in a privately owned Belgian bank. Alcatel rose FF7760 before slipping back to FF7477, up FF77, following positive broker comment on the move to float its GEC Alsthom joint venture. The offshoot has sales of more than €600m and, if all goes well, will be demerged next spring.

OLIS continued to rally. Elf Aquitaine put on FF11 to FF389 and Total FF9 at FF614.

AMSTERDAM ended 1.77 higher at 920.50 on the AEX index after a low volume session. Financials were weak with ABN Amro slipping 30 cents to F141.40. But the heaviest casualty of the day was paper group KNP BT, which retreated F11 or 2.2 per cent to F143.60.

Royal Dutch rallied along with European oil stocks generally, adding F12.90 or 2.8 per cent to F106.50. Philips gained F1.50 to F133.10, but PolyGram, the group's entertainment offshoot, fell

FTSE

December 5	Index	Day's %	Change points	Yield %	Dividend	Total return
FTSE 100	5811.19	+0.68	+6.65	2.29	0.00	588.00
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-
FTSE 100	2205.09	+0.76	+16.59	-	-	-

Source: DataStream/KNV

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FTSE 100

COMPANIES AND FINANCE

Losing streak for London Clubs

By David Blackwell

A winning streak by some high rolling gamblers knocked back profits at London Clubs International, which operates seven of the capital's 21 casinos.

But news that the financing has been put in place for the Aladdin casino complex in Las Vegas, in which London Clubs has taken a 25 per cent stake, helped to push the shares up 14p to 289p yesterday.

Pre-tax profits fell from £19.1m to £13.5m in the 26 weeks to September 28. The turnover – or the amount the casinos won from customers – fell from £94.3m to £85.7m.

Alan Goodenough, chief executive, said the declines reflected "the nature of the business". The win from the first nine weeks of the second half was ahead of the comparable period last year.

The group, which was stopped by the Department of Trade and Industry from bidding for rival London casino operator Capital Corporation, announced in Jan-



Alan Goodenough: the Aladdin complex would be opened around the turn of the century

uary that it was investing \$50m (£29.9m) in the Aladdin complex. Earlier this month, it emerged that Planet Hollywood would be involved in

the \$837m project.

Mr Goodenough said the complex – to be built on Las Vegas Boulevard, or The Strip – would be opened

around the turn of the century. He described the site as "snack bang in the epicentre of what goes on in Las Vegas", where the gaming

win per year is \$4.5bn, or eight times the total UK level.

Earnings per share fell from 8.9p to 8.5p. The interim dividend is held at 2.625p.

COMMENT

The fall in the first-half win was not taken too seriously. A betting man looking at the track record would see that the win has grown fairly steadily from £14m to £17m over the past five years. Taking into account the continuing development overseas, the likelihood is that profits for the full-year will be £1m or so ahead of the previous year's £35.2m. The shares looked out of line when they moved above 400p during the hostile bid for Capital. But at this level they look a good long-term bet – in effect punters will be buying into Aladdin for nothing. Given its position, Aladdin is unlikely to prove a flop despite the design being – to use the jargon – "themed". And if it proves to be a winner, it could generate annual profits of £16m.

Chelsea in bond market debut

By Edward Luce and Simon Kuper

Chelsea yesterday became the first UK football club to enter the debt market when Chelsea Village, its holding company, issued a £75m (£125.3m) eurobond.

Chelsea is harried from using any of the proceeds to buy players. "This sort of money could be gobbled up quite easily in transfer payments," said one trader.

Investors have the added security of first call on Chelsea Village's fixed assets in the event of default or bankruptcy.

The company said it would spend about £25m of the proceeds on developing the 12.5 acre Chelsea Village site, which includes the Stamford Bridge football ground, a hotel and several shops. The site's value is currently about £95m and is expected to reach £150m on completion in 1999. Chelsea said it now had enough funds to finish the work.

A further £22m of the proceeds will be used to refinance Chelsea's more expensive bank debt. It will use the remaining £28m to buy the rest of the freehold of the site from the estate of Matthew Harding, the former Chelsea vice-chairman killed in a helicopter crash last year.

Chelsea signed a deal in 1982 with West Registered Properties, a Royal Bank of Scotland subsidiary, allowing the club to buy the entire freehold for a permanently fixed price of £16.5m. "That was an absolutely brilliant deal," said Frank Kennedy, executive director of SBC Warburg, book runner for the bond.

Mark Taylor, a non-executive director and lawyer for the club, said Chelsea might use the money to buy hotel developments or leisure activities. "We are not looking to let Stamford Bridge be our be-all and end-all. The team is doing very nicely now thank you very much, but who knows what will happen in the future?"

The bond, worth almost half Chelsea's market value, pays a spread of 2.25 percentage points above 10-year UK government bonds, giving investors an annual coupon of 6%. This is considered relatively generous. Chelsea is going outside the equity markets after months in which football shares have performed poorly.

The bonds have all been sold, mostly to UK pension and insurance fund managers although a few were snapped up by Swiss and German retail investors.

NEWS DIGEST

Ghasemi resigns from BOC

Seifi Ghasemi, a director of BOC Group and head of its US industrial gases operations, has resigned with immediate effect.

He is the second senior manager of the gases business to leave the company since Danny Rosenkrantz, the former chief executive of BOC, took over last year. CK Chow resigned as chief executive and managing director of BOC Gases in June 1996.

Mr Ghasemi said he was leaving because he was the same age as Mr Rosenkrantz and was therefore unlikely to get the opportunity to take the top job. He is understood to still be considering his next move.

Analysts said Mr Ghasemi, who has been with the company since 1978, would be hard to replace. BOC said it was talking to him about the possibility of employing him as a consultant on some of its larger projects, such as the \$1bn (£500m) contract to build the world's largest nitrogen plant for Pemex, the Mexican oil company, announced in October. It added that it hoped to appoint a replacement soon.

BOC shares closed up 5p at 980p yesterday but underperformed the market. *Roger Taylor*

H&C sells petfoods side

Harrisons & Crossfield moved closer to shedding its conglomerate status yesterday with the £106.3m sale of its petfoods business.

In October, the company announced the sale of its builders' merchants subsidiary, Harros, for £318m. It also outlined plans to return £295m to shareholders, and the sale of its remaining food and agriculture businesses, leaving the company focused on specialty chemicals and chemical distribution.

It sold Edward Baker Petfoods to the US group Ralston Purina. The Suffolk-based business employs 420 people and made operating profits of £8.6m last year on sales of £71.1m. Harrisons will book a profit on disposal of £43m before tax and transaction costs.

The proceeds raised will go towards funding the company's special pay-out to shareholders, expected to amount to at least 50p a share.

Bill Turcan, chief executive, said the company was also in talks to sell its malt and animal feeds business, which have combined annual sales of £700m.

Harrisons' shares rose 6 1/2p to 123 1/2p. *Charis Gresser*

Gooch & Housego's £18m tag

Shares in Gooch & Housego were yesterday priced at 105p, giving the maker of precision optical components and equipment a market value of £17.8m when trading starts on Aim next Friday.

Archie Gooch, the 80-year-old executive chairman who founded the company in a loft in 1946, realised about £2.8m in the placing, which raised £3.9m for existing shareholders. A total of 5.63m shares have been placed with institutions, representing 33.3 per cent of the enlarged equity.

The placing generated about £1.5m for the company, net of expenses, about £1m of which will fund the building of a new factory in the US, with the remainder as working capital.

In the year to September 30, G&H made pre-tax profits 49 per cent ahead at £1.58m on sales that rose 13 per cent to £5.72m. Earnings per share before an exceptional gain of £149,000 were 6.42p, giving the shares a 1p of 16.4 at the placing price.

Pricewaterhouse Coopers Finance is the nominated adviser to the issue and Sutherland's is the nominated broker. *Andrew Davis*

SNT low asset rollover

Less than a third of the £540m of assets invested in Scottish National Trust, the biggest split capital investment trust, has been rolled over into the successor vehicle, Second Scottish National. This will start trading on Monday with £174m of shareholders funds, including £5.5m of new money.

The level of rollover is less than the 50 per cent level that had been predicted by SBC Warburg Dillon Read, one of the brokers to the issue. But Archie Walker, chairman of Second Scottish said "we are delighted to have launched the largest investment trust this year".

Jean Eaglesham

Liberty's dissidents claim victory

By Robert Wright

Dissident shareholders at Liberty, the luxury London department store, last night claimed victory in their campaign to oust the company's chairman.

An adviser to Odile Griffith and Brian Myerson, the two shareholders who wish to be installed as non-executive directors and to remove Denis Cassidy, chairman, would say only that they were confident of victory.

However, it appeared that there had been a decisive change in the relative strengths of the dissidents and the existing board.

An extraordinary meeting has been called for Thursday

by Elizabeth Stewart-Liberty, a descendant of Liberty's founder, to oust Mr Cassidy and install Miss Griffith, financial adviser to five members of the immediate Stewart-Liberty family, on the board.

The immediate Stewart-Liberty family, who control 27 per cent of the company, have acted in concert with Brian Myerson, a South African investor who holds 17 per cent. The dissidents have also received an irrevocable promise of support from Manny Davidson, a property developer, who holds 2.8 per cent.

The dissidents had long claimed they were likely to win because of their commanding position with 47 per

cent of the votes.

However, it appeared that victory had become certain yesterday with the decision of a large pension fund, holding more than the 3 per cent necessary for victory, to vote against the board.

Because no irrevocable decision has yet been made by the pension fund, Liberty might still try to alter the vote by appealing direct to the trustees involved.

As recently as Thursday, the Liberty board had said it expected to receive support from nearly all the 31 per cent of Liberty shares held by institutional investors.

The board had been buoyed recently by firm promises of support from members of the wider family

descended from Arthur Liberty, who account for 15 per cent of the shares. Institutional investors have also promised the board another 15 per cent of the total votes.

If the board loses, as seems likely, it will be a victory for a remarkable combination between two old enemies. Mr Myerson fought the immediate Stewart-Liberty family for several years in the early 1980s over the Liberty shareholding structure, which excluded non-family shareholders from voting.

The two groups appear to have agreed in disliking the management style of Mr Cassidy, appointed in 1995. The two groups accused Mr Cassidy of not giving share-

holders sufficient information.

Much of the argument in the run-up to the extraordinary meeting has been over the present management's plans for a £43m (£72m) redevelopment of the company's flagship Regent Street store. Liberty has also underperformed other retailers dramatically in recent years.

Liberty's entire team of professional advisers has said it will resign if further directors quit because their position becomes untenable in the wake of Mr Cassidy's departure.

No one at Liberty or the pension fund involved was available for comment last night.

BTR shares fall 12% after fifth warning

By Andrew Edgecliffe-Johnson

Shares in BTR, which is struggling to turn itself into an unloved conglomerate into a pure engineering business, fell by 12 per cent in London yesterday after its fifth profits warning in just over three years.

Shareholders were divided over whether the news would herald the end for Ian Strachan, BTR's chief executive and the architect of its disposal strategy.

"He is in danger of having an extremely short shelf life now," one institutional shareholder warned. Most,

however, echoed another who said: "The City has given up on BTR, but we are not standing here baying for blood."

The shares dropped 25 1/2p to 182 1/2p in exceptionally heavy trading after the company said recent falls in Asian and South American economies, coupled with the strength of sterling, would damage full-year profits.

Mr Strachan, BTR's chief executive since January 1996, appealed for patience and said shareholders had so far backed his plans.

He said: "I am quite confident that the strategy I've articulated for BTR will be

supported by shareholders as the best way of achieving value." But he added: "When you're engaged in a massive transformation of this nature you can't turn on a sixpence."

Analysts cut their forecasts for this year's profits by about £50m to £1.06bn after BTR warned that operating profits in the second half of the year would be "more or less in line" with the £565m made the first half by those businesses not affected by its disposal plan.

BTR also said the strong pound would take \$75m off the translation of full-year results, rather than the \$53m

it predicted in September. It did not quantify the impact on its trading, but Mr Strachan said this would be higher than the £1m damage done in the first half.

BTR had been particularly badly hit by a decline in South American car sales following Brazil's decision to double interest rates, and by lower automotive shipments to Korea and Indonesia from its Australian operations. One investor warned such factors could lead to another profit warning next year.

Some analysts were concerned by news of "production and cost inefficiencies" in the laminates part of its

packaging division, which is up for sale.

Mr Strachan said such issues should have little impact on his plan to dispose of businesses with sales of £2.8bn, saying: "These are short-term trading factors. Potential purchasers look through that to the long-term value."

He added that investors had to expect some "turbulence" in turning BTR around, but said he was encouraged that BTR was now "focused on markets, customers and sales growth," and had shed its former obsession with ever-increasing profit margins.

Chivvied along by back-seat drivers

Ian Strachan's detractors want to see more action, says Andrew Edgecliffe-Johnson

Ten days ago Ian Strachan, BTR's chief executive, hosted a party for the team behind Thrust SSC, the supersonic car which BTR sponsored through its successful land speed record attempt.

The biggest challenge Thrust faced was turning the car around in time to make a second run to qualify for the record, its driver Andy Green explained. It is a problem Mr Strachan may sympathise with: turning BTR round is proving a slow and painful process.

The urbane Cambridge and Princeton graduate has been in BTR's driving seat for two years. When the conglomerate announced his appointment, its shares slipped 1/2p to 304p, but the trend has accelerated through his two-year tenure, and last night the shares were at 182 1/2p.

Most investors have resisted the usual temptation of calling for the chief executive's head, however. As one analyst put it: "This would be an awkward state to replace the driver, although in other circumstances it's difficult to imagine another management surviving at this point."

"Some of the problems were his inheritance," typified the reaction yesterday, and there are other justifications for Mr Strachan's survival so far. Despite the slew of downgrades to profit forecasts in the past two years, few shareholders quibble with the broad strategy devised when he took over from the tough Australian, Alan Jackson.

His plan of shedding BTR's unfashionable conglomerate

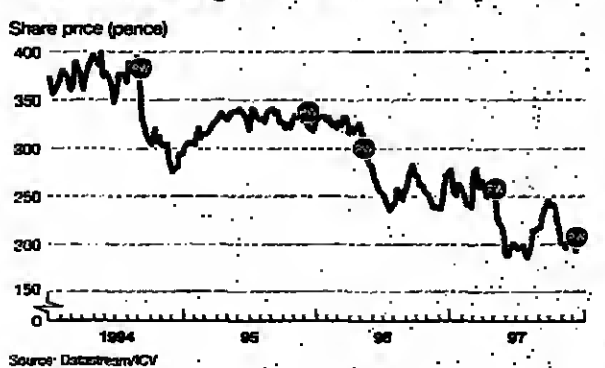
status by stripping it to a group of engineering companies has been broadly welcomed, as has his challenge to the old BTR culture where managers focused on increasing profit margins, even at the expense of sales growth.

The problem has been the delivery of the strategy. Having announced plans to sell a quarter of the businesses in 1996, BTR had to unveil a more radical "phase two" disposal plan three months ago, taking out a third of the remainder with annual sales of £2.8bn.

Analysts are sounding less patient than the investors. "Don't think people are happy with this, one caution yesterday. They are probably just getting to the punch drunk stage."

Mr Strachan sounded surprised at the market's violent response to yesterday's news about the effects of sterling and troubled overseas markets on BTR. "Most shareholders would know the impact of the things

Profits warnings: the downward path



Source: Datastream/ICI

we've mentioned," he maintained.

Andrew Mitchell, an analyst with Merrill Lynch, disagreed: "The impact was probably £50m or more worse than most people expected, and the implications for 1996 and beyond are more important."

David Alchurch of NatWest Markets attributes some of the blame for BTR's share slide to Mr Strachan, saying: "I think people wish

he was showing a bit more urgency and contrition." His other concern was that BTR seemed more vulnerable to the effects of a strong pound and turbulent emerging markets than most of its peers.

The worry is why BTR is already suffering in Asia and South America when other exporters are not yet feeling the pinch, even if they know it is coming.

One of BTR's most bearish shareholders said: "The dan-

ger is that Asia is being used as a convenient excuse for what was an inevitable trend." He added, ominously: "I expect there's at least one profit warning to come next year as the Far East does bite."

BTR has the largest exposure to Asia of any company in the diversified industrial sector, as 28 per cent of its sales are to the region.

There are some optimists among BTR's followers. Its woes are beginning to attract "value" fund managers who are betting that the news has to start getting better soon, not least when Bob Bauman, the British Aerospace chairman, takes over BTR's chairmanship from Elwyn Elledge.

"You're talking about turning round a super tanker and restructuring it along the way, and that takes time," a sympathetic shareholder said yesterday. Few analysts think the good ship BTR will end up on the rocks, but there are still choppy waters ahead.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year			
ABI Leisure	Yr to Aug 31	59.3	(59.8)	5.63A	(5.63)	11.9L	(11.4)	nil	3.47	1.63	4.89
Ashtree *	8 mths to Sept 30	1.93	(0.702)	0.227	(0.079)	0.7	(0.3)	-	-	-	-
Corporate Educ. Co.	6 mths to Sept 30	2.3	(1.34)	0.227	(0.095A)	0.08	(0.05)	-	-	-	-
Corpus	28 wks to Sept 28	210.4	(180.4)	9.71	(9.56)	7.45	(9.7)	1.05	April 9	1	3.75
Foster (John)	5 mths to Aug 31	4.48	(6.34)	0.0177	(0.411)	0.3	(3.6)	-	-	-	-
Green King	24 wks to Oct 18	132.1	(107.8)	20.77	(13.44)	26.37	(18.8)	5.3	Feb 2	4.75	16.35
Landround	Yr to Sept 30	1.5	(-)	0.391A	(-)	6.7	(-)	2.2	Feb 5	-	2.2
London Clubs Int'l	6 mths to Sept 28	65.7	(94.3)	13.5A	(19.1)	6.8	(8.9)	2.825	Jan 30	2.825	8.25
Playtex	Yr to Aug 31	0.044	(0.533)	3.06	(0.525)	9.52	(2.54)	-	-	-	-
Readlink Int'l	6 mths to Sept 30	143.5	(127.6)	4.53	(3.32)	1.48	(1.12)	0.63	Feb 16	0.63	2.58
Investment Trusts	MAY (p)										
Brazilian Smelters	6 mths to Sept 30	151.13	(144.63)	0.477	(0.071)	0.75	(0.11)	nil	-	nil	nil
China	8 mths to Sept 30	154.8	(101.5)	0.127	(0.050)	0.8	(0.32)	nil	-	nil	nil
Scandinavian	6 mths to Oct 31	108.86	(89.5)	0.095	(0.052)	0.11	(0.18)	nil	-	nil	0.5

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. †On increased capital.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. A After exceptional charge. V After exceptional credit. T On increased capital. A/Anti stock. A Comparative restated. SUS currency.

THIRD CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF "VOLLOS COTTON MANUFACTURING CO S.A."

ΕΠΙΧΕΙΡΗΣΗ ΚΕΡΑΛΑΦΟΙ Σ.Α., Αδελφότητες, 94 Χρυσοφιδίου Στ. Αθήνα 10540, Greece, in its capacity as Liquidator of "VOLLOS COTTON MANUFACTURING CO S.A." a company with its registered office in Naxos, Volos, Greece, the "Company", presently under special liquidation according to the provisions of Article 46a of Law 1902/1990, by virtue of Decree 1061/1997 of the Larissa Court of Appeal upon the intervention of the creditors representing more than 51% of the claims against the Company, announces a third call for tenders for the sale of the groups of assets of the company described below:

BRIEF INFORMATION

The Company was established in 1963 and was in operation in January 1996. On 18.2.1997 it was placed under special liquidation according to the provisions of Article 46a of Law 1902/1990. Its activities included the production and marketing of ginned cotton, cotton yarns and cotton waste.

GROUPS OF ASSETS OFFERED FOR SALE

- Industrial plant in Naxos, Volos, located in an area of 102,897 sq.m. approximately, part of which (14,074 sq.m.) has been incorporated in the city planning area. Volos, the relevant implementation does not yet have been completed. The plant's machinery consists of the following cotton ginning units:
 - A 18468 cotton ginning unit with a capacity of 8500 KG of NEB 30 yarn per 24 hours.
 - A 32844 cotton ginning unit with a capacity of 15000 KG of NEB 30 yarn per 24 hours.
 - A 40865 cotton ginning unit with a capacity of 17000 KG of NEB 30 yarn per 24 hours.
 - An OPEN END (O.E.) 672 cotton unit with a capacity of 1600 KG of NEB 30 yarn per 24 hours.
 In addition, the Company's registered name, trademark, and receivables are also being offered for sale.
- A 50,000% share of a plot of land covering approx. 3 στρέμματα in Sykita, Chalkidiki, Chalkidiki Region. Legal proceedings concerning possession of the area are pending.
- A 54/202 share of a plot of land, covering 7,500 sq.m. according to the ownership deeds and 5,539 sq.m. according to a recent estimate, as Petros, Chalkidiki, Chalkidiki Region.
- A plot of land covering approx. 4,266 sq.m. according to the ownership deeds, in Tarnantia, Municipality of Athina, Attika Region. This is situated near a stream. Notes: No one is subject to the conditions imposed in the Government Gazette No. 632/7.6.1994.

OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain the Offering Memorandum in respect of the above Company upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTION

- The Auction shall take place in accordance with the provisions of article 46a of Law 1902/1990 (as supplemented by article 14 of Law 2801/1994 and subsequent amendments), the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of Bidding offers shall mean acceptance of such provisions and other terms and conditions.
- Bidding offers: Interested parties are hereby invited to submit Bidding offers, not later than Thursday, January 9th, 1998, 12.00 hours to the Volos District Court, Volos, Greece. Bidding offers shall be submitted in the form of a written offer, signed by the bidder and the proposed amount, interest rate, if any, in the event of non-payment, as the way of payment, by whatever method the bidder shall deem fit, and the interest rate, then it shall respectively be deemed that: (a) the offered price is payable upon execution of the sale contract, (b) the amount credited shall bear no interest and (c) the interest rate shall be the legal rate in force at the time. In all cases where the offered amount bears interest, this shall be calculated in relation to the outstanding amount and shall be payable on the dates of payment of each instalment of the offered price. Bidding offers submitted later than the above date shall neither be accepted nor considered. The offer shall be binding until the adjudication. Submission of offers in favour of a third party to be nominated at a later stage shall be accepted under the condition that express mention is made in this respect upon submission and that the offer shall give a personal guarantee in favour of such third party for the compliance of the obligations deriving from the sale contract.
- Letters of Guarantee: Bidding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amount of the Letter of Guarantee shall be the following:
 - (a) The Offered Price: Dr. TWO HUNDRED AND FIFTY MILLION (250,000,000).
 - (b) 50.00% share of a plot of land: Dr. FIVE HUNDRED THOUSAND (500,000).
 - (c) 54/202 share of a plot of land: Dr. SEVEN MILLION (7,000,000).
 - (d) Plot of land covering approx. 4,266 sq.m.: Dr. TWO MILLION (2,000,000).
 The Letters of Guarantee shall be returned after the adjudication.
- Submissions: Bidding offers together with the Letter of Guarantee shall be submitted in sealed opaque envelopes.
- Envelopes containing the Bidding offers shall be opened by the above mentioned Notary Public in his office, on Thursday, January 9th, 1998, 14.00 hours. Any party having duly submitted a Bidding offer shall be entitled to attend and sign the deed attesting the successfulness of the Bidding offer.
- As Highest bidder shall be considered for each group of assets the participant, whose offer will be judged by the creditors representing over 51% of the claims against the Company (the "Creditors"), upon recommendation by the Liquidator, to be the best of the offers of all the creditors of the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value.
- The Liquidator shall give written notice to the highest bidder to take possession of the assets and place the relevant assets and execute the contract of sale in accordance with the terms contained in his Bidding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature, including any tax (such as V.A.T., duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by the applicable law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other act prior or subsequent to the transfer of assets shall be exclusively borne by the purchaser.
- The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to reject or cancel the Auction. The Liquidator, the Company or the Creditors shall have no liability for any legal or actual defects of the assets. Submission of Bidding offers shall not create any right for the Liquidation nor the participants shall acquire any right, power or claim from this Call aside their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
- This Call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any further information please contact the Liquidator "Επιχ. Κεραλάφοι Σ.Α., Αδελφότητες, 94 Χρυσοφιδίου Στ. Αθήνα 10540, Greece, Tel.: +30-1-423.14.847, Fax: +30-1-423.

COMPANIES AND FINANCE

German carmakers enjoy US revival

By Richard Waters in New York

German carmakers are set for their best US sales in years, according to figures released this week.

This month's launch of the Mercedes M-Class sport-utility vehicle - the company's first built outside Germany - has been "one of the success stories of this year", according to George Magliano, an analyst at Wefi, the economic consulting group.

Mercedes is leading a new European invasion of the US car market that is bringing a rebound in sales for brands such as Audi, BMW and

Porsche. US demand for the M-Class is so great that anyone ordering the vehicle now will have to wait until late 1998 for delivery.

Mercedes sales reached 107,000 by the end of last month, up 31 per cent from a year before and topping the US sales record the company hit in 1988. That was achieved largely without the benefit of the new M-Class, which should push sales up by a similar proportion again next year.

The spectacular reaction from American baby-boomers seems likely to set the stage for a triumphant entry to Europe, when the

German company begins to export the M-Class from its plant in Alabama next spring.

The success is a far cry from the early 1990s, when the Japanese made rapid inroads into the US luxury car market, which companies such as Mercedes had come to regard as largely their own. "We had priced ourselves out of the market," said Martin Basserman, head of Mercedes-Benz North America.

The Europeans also suffered a dearth of new vehicles, allowing the marketing initiative to slip to other manufacturers. Volkswagen,

whose US sales topped 550,000 at the height of Beetle fever in the early 1970s, sold fewer than 50,000 in 1993, the low point in its fortunes.

The rebound has come even though the demand for new vehicles overall in the US has remained steady.

Audi, which is also riding the wave of strong reviews for its recent A4 and new A6 models, notched up its best November in 11 years last month, and has sold 30,129 vehicles so far this year, 25 per cent more than 1996.

VW's new Passat has now

become the latest German car to create a surge of anticipation, lifting the company to its best November sales in a decade. And that could be just the start: five new product launches over the next year will bring a complete overhaul for VW.

At the luxury end of the market, the Europeans claim their success will prove more lasting this time. Of the onslaught from Japan, nearly a decade ago, Mr Basserman said: "We were taken a little bit by surprise when the Lexus 400 was introduced. Today, we are prepared."

Security merger blows Kroll's cover

Private investigators inhabit a world in which discretion is all. Clients typically want investigations carried out in secret, requiring private detectives to use sleuth, stealth and tactics often on the borderline of ethical and legal behavior.

So what is Jules Kroll, the legendary corporate sleuth, doing exposing Kroll Associates, his private company, to the glare of public company status through a merger with O'Gara, a publicly traded US security company?

Kroll is the largest and one of the most successful investigative firms serving legal, accounting and corporate clients. It has been involved in some of the most notable investigations in recent years, such as the search for assets controlled by Saddam Hussein, the Iraqi president, and is recognised as the market leader.

After the merger of O'Gara and Kroll, completed earlier this week, the shares of the new company are traded on Nasdaq, making it the first publicly traded investigations group. The move subjects Kroll to much more strenuous disclosure and other regulatory requirements than it faced as a private company.

Mr Kroll shrugs off any suggestion that the move is a ploy to acquire O'Gara, which specialises in building bomb and bullet-proof limousines, could hit his business. The

advantages of the merger, such as granting access to equity markets to fund acquisitions, outweigh any possible negative factors, he says.

"We are moving towards a new industry. As a public entity we are committed to delivering value to our shareholders and we shall do that by doing good work and getting paid."

Nevertheless, in a recent filing with the US Securities and Exchange Commission, Kroll reported a decline in net sales in North America, its key market, in the six months to June 1997. However, the company said overall net sales increased 10 per cent to \$36.7m from \$33.4m in the same period a year earlier.

It also said that while it had been achieving higher profit margins in the US, it expected a fall because of increased competition from accounting firms and other specialist investigative companies.

This week's merger was accompanied by the announcement of the formation of a new company, the Risk Advisory Group, which is to be staffed by more than 20 former Kroll employees and led by Arish Turle, a former SAS officer who was head of Kroll's European operations.

In recent years, there have been other important departures from the company, but Mr Turle's venture represents the biggest split to confront Kroll Associates since

SO, DO ALL SECURITY COMPANIES HAVE THEIR BOARD MEETINGS IN THE BATHROOM WITH THE TAPS RUNNING AND THE RADIO AT FULL VOLUME?



it was formed in 1972. It came after a long-running power struggle between Mr Kroll and Mr Turle over the level of control to be exercised by the New York head office.

Tension was fuelled by disagreements over the financing and organisation of a

secretive defence industry corporate case, codenamed Project Stripe.

In the aftermath of the Turle split, about 10 New York-based employees have been transferred to London, according to insiders, but the future of the office remains uncertain. "Everyone is going round in circles

with a potential knife in their back," one Kroll executive says.

Kroll has been hit by other problems. In Paris, it lost business after senior French politicians with links to the local security industry attacked Kroll employees' connections with the UK and US intelligence agencies. In Moscow, Kroll investigations into organised crime ended prematurely when the government refused to co-operate fully and failed to pay the full amount stipulated in the contract.

Kroll O'Gara plans to develop two main divisions, reflecting the two companies' respective strengths. Kroll's investigative expertise and O'Gara's provision of armoured vehicles and security equipment. Senior executives are also keen

to develop potential synergies.

"I could see a situation where a client who wants information on his rival might also want better personal protection and we could offer both," one Kroll executive says.

Ted Price, a former deputy head of CIA operations, who is a senior executive at O'Gara, agrees: "O'Gara's hardware fits into Kroll's piece of the action."

But it is not the only thing his company is looking for from the merger. "I would hope it will bring more financial discipline to Kroll from a fiscal point of view," he says.

It remains to be seen how long Kroll O'Gara will be able to resist answering questions about some of the more sensitive aspects of the business now that Kroll's corporate cover is blown.

San Miguel moves on bid fears

By John Riddling in Hong Kong and Agencies

San Miguel, the Philippines food and beverage group, is seeking "expert advice" on how to protect its interests from a suspected bid by First Pacific, the Hong Kong-based conglomerate.

The move comes amid speculation that Indonesia's Salim Group, which controls First Pacific, is preparing an offer for San Miguel.

Expectations of a bid have pushed shares in the Philippines group higher in recent weeks, with A-shares closing up 2.50 pesos yesterday at 41 pesos and B-shares rising 4 pesos to 49.50.

"San Miguel does not have first-hand information concerning the reported transaction, although there is reasonable ground to believe that the First Pacific group has acquired, or is in the process of trying to acquire, a substantial block of shares," said Emmanuel Javelosa, senior vice-president.

First Pacific described speculation about a bid for San Miguel as "months old". Speculation has been fuelled by this week's sale of Pacific Link, the Hong Kong mobile telephony arm of First Pacific. The HK\$4.8bn (US\$620m) deal yielded receipts of HK\$2.4bn for First Pacific, providing funds for a possible bid for San Miguel.

INTERNATIONAL NEWS DIGEST

Strong demand for Tianjin IPO

Tianjin Development Company, the investment vehicle for the Tianjin municipal government, saw its 14.5m share initial public offering in Hong Kong eight times subscribed, according to underwriters. The bigger international tranche is understood to be four times subscribed.

The offering of 181m shares, sponsored by Merrill Lynch, was priced last night at HK\$6.60 a share, the mid-point of the indicative range, and will raise HK\$1.2bn (US\$153m). Tianjin is the first municipal government to brave the markets since June, when Beijing unveiled tighter guidelines on listing and asset injections into red-chips - mainland-backed Hong Kong companies. It is also the first time a municipal government has come to market since the Hong Kong stock market went into reverse in August.

Louise Lucas, Hong Kong

VIETNAM

Enron plans \$4bn of projects

Enron, the US-based energy group, has proposed \$4bn worth of projects in Vietnam in power generation and water supply. The announcement comes amid pessimism about the prospects of financing such projects in Vietnam, caused by worries about the regional economic downturn. "We've told the government we've identified \$4bn of projects we're willing to consider," said Enron. Many were at an initial stage only and not all would necessarily be finalised.

The company is working on a \$200m hydro-operate-transmission power project for Soc Trang, in the southern Mekong Delta. It also plans a \$100-\$150m water supply project in Ho Chi Minh City and a \$180m joint venture in liquid petroleum gas plant with the state oil agency PetroVietnam for which British Petroleum is competing.

Jeremy Grant, Hanoi

PROPERTY LENDING

Crédit Foncier attracts interest

Credit Foncier, the specialist state-owned French property lender, yesterday confirmed that a number of investors had expressed interest in forming a partnership with the group, but played down suggestions that a quick decision would be taken.

The company, which was taken over by the state after becoming technically insolvent in 1996, has been seeking a partner to acquire a stake or to take it over and help provide it with up to FF5bn (\$844m) in additional funding to finance its development.

Andrew Jock, Paris

LIFFE-CBOT LINK-UP

Open-outcry tie to be suspended

The London International Financial Futures and Options Exchange and the Chicago Board of Trade are to suspend their open-outcry link-up from the close of business on December 17 because it is not attracting enough investors and has suffered from low trading volumes.

The move, which was widely expected, means US Treasury bond and German bund futures and options will no longer trade on the floors of Liffe and the CBOT respectively. The link was established on May 9 after both exchanges agreed to explore traders' after-hours requirements.

Vincent Boland, London

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS									
Figures in parentheses show number of lines of stock									
	US	Day's	Change		US	Day's	Change		US
	Dollar	Change	%		Dollar	Change	%		Dollar
THURSDAY DECEMBER 4, 1997									
	Index	Index	Index	Index	Index	Index	Index	Index	Index
Australia (74)	200.27	-1.4	177.20	184.33	196.14	-0.8	3.80	203.09	178.80
Austria (21)	181.59	1.5	108.49	158.89	176.31	1.6	1.91	188.93	162.24
Belgium (27)	253.71	0.5	227.14	235.04	236.29	2.3	2.38	229.44	224.91
Brazil (20)	235.53	0.6	206.40	192.61	216.79	0.8	1.55	234.24	206.25
Canada (122)	212.59	-0.7	188.09	173.85	195.66	218.01	-0.3	1.90	213.99
Denmark (32)	431.74	1.5	382.00	363.07	387.36	395.90	1.6	1.29	425.39
Finland (28)	255.73	1.8	201.87	235.15	272.12	332.15	1.8	2.90	255.72
France (84)	236.17	0.4	208.96	193.14	217.37	218.53	0.5	2.43	233.33
Germany (58)	228.26	1.2	201.96	186.67	210.09	210.09	1.4	1.40	225.46
Hong Kong, China (83)	392.26	2.0	338.21	312.80	351.82	378.70	2.0	4.21	374.82
Indonesia (27)	255.73	1.8	201.87	235.15	272.12	332.15	1.8	2.90	255.72
Ireland (15)	403.20	4.3	357.11	330.08	371.46	387.56	4.6	2.54	386.86
Italy (53)	111.82	0.8	88.94	81.45	102.82	144.98	0.9	1.88	110.97
Japan (402)	99.22	-2.4	87.79	81.14	91.32	91.14	-1.8	0.88	101.90
Malaysia (10)	175.47	2.4	153.28	141.95	172.19	331.15	4.2	2.89	171.40
Mexico (27)	1739.23	0.8	1538.98	1422.33	1600.90	15417.08	0.8	1.58	1729.44
Netherlands (19)	112.00	0.3	94.71	87.09	97.39	375.32	0.4	2.24	110.97
New Zealand (14)	32.81	-0.5	73.09	67.68	76.03	97.75	-0.2	4.25	63.04
Norway (38)	272.92	1.2	230.58	268.08	301.73	318.79	1.4	1.91	269.28
Philippines (22)	14.78	-0.2	75.03	67.34	76.03	148.95	-0.2	1.39	84.95
Singapore (42)	233.49	0.2	204.28	207.29	233.30	186.45	-0.2	1.70	222.96
South Africa (43)	258.69	-0.3	237.74	218.73	247.30	255.91	-0.3	3.04	259.61
Spain (53)	273.21	1.1	241.74	223.45	251.47	329.85	1.3	2.18	270.18
Sweden (43)	422.99	1.8	432.94	402.83	453.36	558.51	0.7	1.13	484.78
Switzerland (32)	331.66	0.4	293.74	271.49	305.56	394.67	0.7	1.84	295.98
Thailand (35)	24.24	1.8	21.45	18.32	22.71	38.28	5.7	7.29	22.52
United Kingdom (FIS)	324.14	1.5	288.65	273.26	307.54	335.65	2.0	3.54	329.13
USA (422)	396.85	-0.3	351.23	324.63	365.56	396.95	-0.3	1.59	395.00
WEDNESDAY DECEMBER 3, 1997									
Australia (74)	203.09	165.11	186.89	198.78	243.87	190.41	218.55		
Austria (21)	188.93	162.24	133.32	173.58	173.48	213.29	175.14		
Belgium (27)	229.44	224.91	207.70	234.34	234.80	281.11	221.51		
Brazil (20)	234.24	206.25	190.46	215.35	478.58	322.44	178.96		
Canada (122)	213.99	189.42	174.00	196.73	218.70	233.66	178.27		
Denmark (32)	425.39	374.55	345.28	391.06	388.49	431.74	333.94		
Finland (28)	255.72	235.15	234.14	287.00	325.82	349.63	333.82		
France (84)	233.33	207.21	191.35	216.38	218.49	246.23	203.73		
Germany (58)	225.46	186.52	183.33	207.28	243.87	183.03	185.98		
Hong Kong, China (83)	374.82	329.56	304.81	344.41	372.87	580.03	514.78		
Indonesia (27)	255.72	235.15	234.14	287.00	325.82	349.63	333.82		
Ireland (15)	386.86	340.66	314.59	355.70	370.43	403.60	310.28		
Italy (53)	110.97	87.71	90.23	102.02	143.85	115.27	79.11		
Japan (402)	101.90	99.48	82.61	93.41	82.61	141.12	95.91		
Malaysia (10)	171.40	150.91	139.38	157.59	241.49	158.93	170.21		
Mexico (27)	1729.44	1522.79	1406.34	1689.99	1537.61	1901.88	1147.96		
Netherlands (19)	110.97	99.48	82.61	93.41	82.61	141.12	95.91		
New Zealand (14)	63.04	73.12	67.52	76.35	72.87	95.47	75.37		
Norway (38)	269.28	265.18	263.55	291.79	314.29	374.86	277.83		
Philippines (22)	84.95	74.80	68.07	78.10	141.07	78.40	201.80		
Singapore (42)	222.96	222.79	205.69	232.58	188.01	448.01	215.21		
South Africa (43)	259.61	257.39	219.22	247.87	288.45	370.12	325.12		
Spain (53)	270.18	237.87	215.87	248.57	305.80	278.33	198.92		
Sweden (43)	484.78	426.06	394.19	445.70	555.41	538.94	402.43		
Switzerland (32)	295.98	291.08	268.81	303.94	292.82	331.98	231.88		
Thailand (35)	22.52	19.83	15.51	20.70	37.17	109.22	22.52		
United Kingdom (FIS)	329.13	289.80	267.82	302.58	288.80	337.99	281.80		
USA (422)	395.00	390.44	353.62	365.90	388.00	380.82	283.43		
DOLLAR INDEX									
	Index	Index	Index	Index	Index	Index	Index	Index	Index
	High	Low	High	Low	High	Low	High	Low	High
	200.27	177.20	184.33	196.14	203.09	178.80	165.11	186.89	198.78
	218.55	175.14	190.41	218.55	218.55	175.14	190.41	218.55	218.55
	218.55	175.14	190.41	218.55	218.55	175.14	190.41	218.55	218.55

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Weekend December 6/December 7 1997

Fears over Yasuda prompt cash pledges

By Gillian Tett in Tokyo

Japanese government and business officials yesterday scrambled to avert another financial failure in Japan amid market unease about the health of Yasuda Trust Bank, the country's fourth largest trust bank.

The business allies of Yasuda Trust pledged to contribute ¥50bn (\$360m) in a capital-raising exercise after the company announced major restructuring, including a withdrawal from overseas commercial banking operations.

The Bank of Japan also continued to flood the market with liquidity in an attempt to avoid a credit squeeze at groups such as Yasuda. The Ministry of Finance was reported by traders to be using its reserves to provide foreign currency loans to weaker Japanese banks via a leading bank. This was designed to help

banks having problems raising money in overseas markets, traders said.

The ministry refused to confirm the reports. However, a senior government official said: "We are going to take every measure necessary to prevent a liquidity problem causing any bank to fail."

The steps appear to reflect a shift in policy by the Japanese government, which has been alarmed by the turmoil triggered last month by the collapse of Yamachi Securities, the country's fourth largest broker, and two other large institutions.

Until now, government officials have insisted they would not intervene directly to support the ailing regional banks. The government also refused to bail out Yamachi Securities when it ran into problems.

However, officials are concerned by the degree to which Yamachi's failure has dented investor confidence in other

Japanese institutions. Some fear that failures among other big groups could trigger a broader systemic crisis.

Yasuda Trust Bank, which has huge bad loans, has suffered a particular loss of confidence. Its share price plunged last week below ¥40, although it closed yesterday at ¥31, or ¥16 higher, after the pledges of support. Customers have withdrawn assets and foreign banks stopped lending to the group. However, a government official yesterday said: "The bank is solvent. There is no reason for it to fail."

Fuji Bank, which refused to save its ally Yamachi last month, said it would help Yasuda. It has pledged to provide ¥15bn capital. A further ¥35bn will be provided by other members of the "Fuyo" corporate group: ¥15bn from Yasuda Life group, ¥10bn from Yasuda Fire and Marine and ¥5bn each from Marubeni and Taisei.

Japanese photofilm market is not rigged, says WTO

By Frances Williams in Geneva and Nancy Dunne in Washington

A World Trade Organisation panel has rejected US charges that Japan's photofilm market is rigged against foreign competitors.

The landmark interim ruling - part of a dispute that has pitted Eastman Kodak of the US against its Japanese rival, Fuji Film - was still officially confidential last night. But it was denounced as "totally unacceptable" by George Fisher, Kodak's chairman. He said the verdict "ignores market reality".

"The US market is open and Japan's market is closed. The world's financial markets recognise that it is too bad the WTO does not," he said.

The ruling is an important one for the WTO, which for the first time was asked to look at whether measures to influence market structures constituted unfair trade. It is a critical victory for Japan. If it had lost, it could have faced more WTO challenges on its allegedly closed markets.

In Tokyo, Japanese officials said they were still studying the ruling and would have no immediate comment.

The US argued that various laws and measures taken by the Japanese government over 30 years aimed to neutralise the effects of tariff cuts on photofilm imports by bolstering Fuji's position in the domestic market. Kodak has about 10 per cent of the Japanese market, much lower than its share in the world market.

The measures included encouragement for exclusive wholesaling arrangements, now dominated by Fuji; restrictions on stores the US said were more likely to sell foreign goods; and strict controls on price competition and premiums that have allegedly stopped Kodak using promotions to sell its products.

But the panel of three trade experts said the US had not shown its WTO rights had been impaired.

THE LEX COLUMN

Herd undeterred

Phew! Western financial markets have now twice shrugged off the threat from Asia's financial crisis. This week saw them back in magic number territory: Britain's FTSE 100 regained the 5,000 peak, Germany's Dax 30 climbed above the 4,000 mark and the Dow is back over 8,000.

They were right not to be panicked by Asia. Fears of a global meltdown always looked exaggerated. Moreover, this week's events reinforced the impression that the region's financial crisis has reached a turning point. South Korea has agreed (albeit reluctantly) to drink the International Monetary Fund's stiff medicine. Japan has probably prevented a banking collapse by pumping liquidity into its money market; even Malaysia seems to be preparing for a spot of cold turkey before Christmas.

But while panic would have been out of place, investors are too merry. It is not just that slow growth in Asia will knock the earnings of western multinationals, as BTR warned yesterday; earnings growth, especially in the overvalued US market, seems likely to fall short of expectations anyway. While company analysts are expecting 15 per cent plus growth next year, strategists think it will be only about half that. The strategists are more likely to be right.

Bond markets have, of course, been supportive. But yesterday's US jobs data suggest markets cannot have both strong growth and low inflation indefinitely. If unemployment continues to fall at the current rate, it will dip below 4 per cent in a year - surely a level that triggers inflation. Meanwhile, the continuing mixture of inflationary US tendencies and deflationary Asian forces raises another risk: that the Federal Reserve, which has steered the long US upswing almost impeccably, will make a mistake.

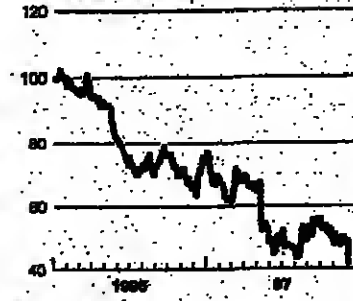
South Korea

The conditions of the \$7bn international rescue package for Korea grown with good intentions. They commit the government to stringent stabilisation measures and a radical assault on the *chaebol* economic model that brought huge success, but eventually produced the crisis. Implementation will be another matter. Militant unions will fight reform and contenders for this month's presidential elections are already threatening to renegotiate terms. Widespread public and

FTSE Eurotop 300 index
9871.2 (+6.7)

BTR

Share price relative to the
FTSE All-Share Index



bureaucratic resistance also provides an inauspicious backdrop.

Still, the status quo is not an option. The choice is between stiff medicine now or stiffer medicine later. Either way, the implications are profound. The stabilisation measures will cause growth to slow and unemployment to rise. Meanwhile, the government will have to stop directing investment from the centre, the *chaebols* will need to start making investment decisions based on returns, not market share, and the banks will have to learn basic credit assessment.

Change this fundamental will be painful. The economic slowdown will force banks to confront their bad loans. Closures will surely follow. *Chaebols* with average debts of four times equity will also be forced into restructuring. This will be no clear sign of a turnaround. Few doubt that the strategy he is pursuing is right: as a pure (though still diversified) engineer aiming for growth rather than margins, BTR should be more attractive than in its current incarnation. And calls for a complete break-up of the company may be premature. They presuppose that further value can be unlocked from the remaining automotive, control systems and power drives divisions. But until BTR's disposals are complete, it will be hard to tell for sure.

US jobs

Here is an apparent contradiction. The US unemployment rate has just fallen to a 24-year low of 4.6 per cent. Meanwhile, announced corporate job cuts hit their highest level in three years last month. Sewing machine maker Singer, tissue company Kimberly-Clark, Levi Strauss, Eastman Kodak and Citicorp have all announced 5,000 to 10,000 job losses.

There is a logical explanation for this. Mature manufacturers, squeezed between growing international competition and flat or falling prices, are cutting staff. By con-

trast, younger industries, like high-technology and service companies, are busy hiring. Of the remarkable 3m net new jobs created in the US economy in the past 12 months, 87 per cent have come in the service sector.

Though painful for the people involved, these big job cuts are healthy for the economy as a whole. By resupplying the market with often highly skilled workers, they are helping to ease labour market tightening and reduce inflationary wage pressures. Without this, arguably, the steady expansion of the past seven years would already have run into the buffers. Even so, it is not enough. Average earnings growth is now running at an annual rate of 4.1 per cent. If the worst of the Asian crisis is indeed past, the Federal Reserve will start to run out of reasons to delay an interest rate rise.

BTR

Oh dear. With a fifth profit warning in three years driving the shares down 12 per cent, BTR has pushed its shareholders to the brink of despair. But it would be wrong to chop chief executive Ian Strachan quite yet, despite BTR's underperforming the market by 58 per cent since he took over in January 1996. The impact of the strong pound and weak Asian markets was beyond his control. And the profit warning from Cookson, another conglomerate exposed to Asia, makes the market's surprise surprising.

Nonetheless, Mr Strachan will remain on stay of execution until clear signs of a turnaround appear. Few doubt that the strategy he is pursuing is right: as a pure (though still diversified) engineer aiming for growth rather than margins, BTR should be more attractive than in its current incarnation. And calls for a complete break-up of the company may be premature. They presuppose that further value can be unlocked from the remaining automotive, control systems and power drives divisions. But until BTR's disposals are complete, it will be hard to tell for sure.

With the energetic Bob Baumann soon to be chairman, Mr Strachan's purge of the old BTR culture should become easier. There should be no excuses for further restructuring provisions once the current slew of disposals and a substantial share buy-back have been completed. If BTR is still flagging then, Mr Strachan will have to fall on his sword.

'Millennium bug' blamed for Dutch sell-off collapse

By Gordon Cramb in Amsterdam

The biggest Dutch privatisation of the year collapsed yesterday when the bidder for Roccade, the state computer services agency, said legal worries from the "millennium bug" made it too risky to proceed.

Getronics, an Amsterdam-listed information technology company, two months ago won exclusive rights to negotiate with the government on the estimated F1.1bn (\$650m) purchase. The Hague rejected a rival offer by International Business Machines of the US. The deal would have created the country's biggest computer services group.

Ton Risseeuw, Getronics chairman, said yesterday the state was not willing to provide adequate indemnities against lawsuits if Roccade software made computer

systems go wrong at or around the turn of the century.

The case is a striking example of the difficulties faced by the IT sector because of the inability of older software to distinguish between the years 2000 and 1900. It is one of the first where the problem has been blamed for scuppering a well-publicised merger within the industry.

Adam Taylor, a partner at the London law firm Withers, said: "This is becoming more and more an issue in takeovers, not only among companies in the computer sector but any which are dependent on IT. Anybody acquiring a computer company would be mad not to investigate what potential year 2000 liabilities there are."

The government said the disagreement was purely financial, and that Roccade's prospects remained good. "During the negotiations Getronics

gave an assessment of the business with which the state and Roccade could not identify," ministers told parliament.

Mr Risseeuw, who has spent nearly five years in pursuit of Roccade, insisted its withdrawal was not a ploy to secure a reduced price. "We are not playing a game. We talked seriously about this matter, and now it is the end of the story," he said. He would look instead at acquisitions elsewhere in Europe.

Shares in Getronics fell 9.4 per cent, ending F16.60 lower at F163.30.

The government is considering what to do next with Roccade, which expects operating profits to reach F170m this year on revenues of F175m.

Getronics, with sales last year of F12.21bn and net earnings of F131.0m, had won primary in the deal over two far larger contenders.

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Markets Latest

FTSE 100	5,149.9	(+6.0)
Yield	3.17	(+0.03)
FTSE Eurotop 300	9,871.2	(+6.7)
FTSE All-Share	2,408.32	(+1.09)
Nikkei	19,024.48	(+117.06)
New York S&P 500	8,186.45	(+68.29)
Dow Jones Ind. Ave.	8,230.30	(+68.29)
S&P Composite	982.38	(+10.18)
IN LONDON MONEY		
3-mo interbank	7.75	(7.75)
Life long gft fut.	May 1991	(9.120)
IN US LUNCHTIME RATES		
Federal Funds	6.75	
9-m Treasury Bill	5.27%	
Long Bond	9.00%	
Yield	6.30%	
IN NORTH SEA OIL (Argus)		
Brent Dated	\$17.890	(17.500)
IN GOLD		
New York Comex (Dec)	\$388.4	(200.5)
London	\$389.00	(200.5)

IN STERLING

New York London	\$ 1.63745	
London:		
DM	1.9085	(1.8757)
DM	2.8939	(2.8939)
FF	8.4943	(8.4943)
Sfr	2.305	(2.305)
Y	215.891	(215.787)
Z Index	104.3	(104.3)
IN DOLLAR		
New York London	\$ 1.63745	
London:		
DM	1.9085	(1.8757)
DM	2.8939	(2.8939)
FF	8.4943	(8.4943)
Sfr	2.305	(2.305)
Y	215.891	(215.787)
Z Index	104.3	(104.3)

FT WEATHER GUIDE

Europe today

The Iberian peninsula, much of France and the Alps will be fine with some sunshine, but overnight fog may be slow to clear in places. The north coast of France will be on the dull and damp side. The Low Countries, northern Germany, Denmark and southern Sweden will be cloudy with some light rain, but it will be a little colder than it has been recently. Eastern Europe and northern Scandinavia will stay very cold and bleak with outbreaks of snow. Southern Italy and Greece will be very mild and showery.

Five-day forecast

North-eastern Scandinavia and eastern Europe will stay very cold and frosty, but north-western Europe, including southern and western Scandinavia, will become relatively mild with rain at times. The western Mediterranean will have a good deal of dry and bright weather, but southern Italy and Greece will be changeable.



TODAY'S TEMPERATURES

Madrid	Belting	Fair	2
Cebu	Belting	Cloudy	11
Abu Dhabi	Belting	Fair	5
Accra	Belting	Cloudy	11
Algiers	Belting	Cloudy	11
Amsterdam	Belting	Cloudy	11
Athens	Belting	Cloudy	11
Atlanta	Belting	Cloudy	11
Bahia	Belting	Cloudy	11
Bangkok	Belting	Cloudy	11
Barcelona	Belting	Cloudy	11

Situation at midday. Temperatures maximum for day. Forecasts by FA Weather Centre

Cardiff	Drizzle	11	Frankfurt	Sleet	3
Geneva	Cloudy	11	Geneva	Sleet	3
Chicago	Cloudy	11	Glasgow	Drizzle	11
Cologne	Cloudy	11	Hamburg	Drizzle	11
Dallas	Cloudy	11	Helsinki	Cloudy	11
Dhaka	Cloudy	11	Hong Kong	Fair	23
Dubai	Cloudy	11	Honolulu	Fair	27
Dubai	Cloudy	11	Istanbul	Fair	10
Dubrovnik	Cloudy	11	Jakarta	Fair	32
Edinburgh	Fair	14	Jersey	Cloudy	10
Fair	Fair	32	Johannesburg	Fair	23
			Kuala Lumpur	Fair	23
			Las Vegas	Shower	18
			Los Angeles	Shower	18
			London	Fair	27
			Luxembourg	Fair	27
			Lyon	Fair	27
			Madeira	Shower	21

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The wine list
Jancis Robinson begins her seasonal recommendations: this week – which reds you should be buying



Modern v mock
'Neighbours heard that the old traditional house would be demolished and a new futuristic one built'

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The next move is mine

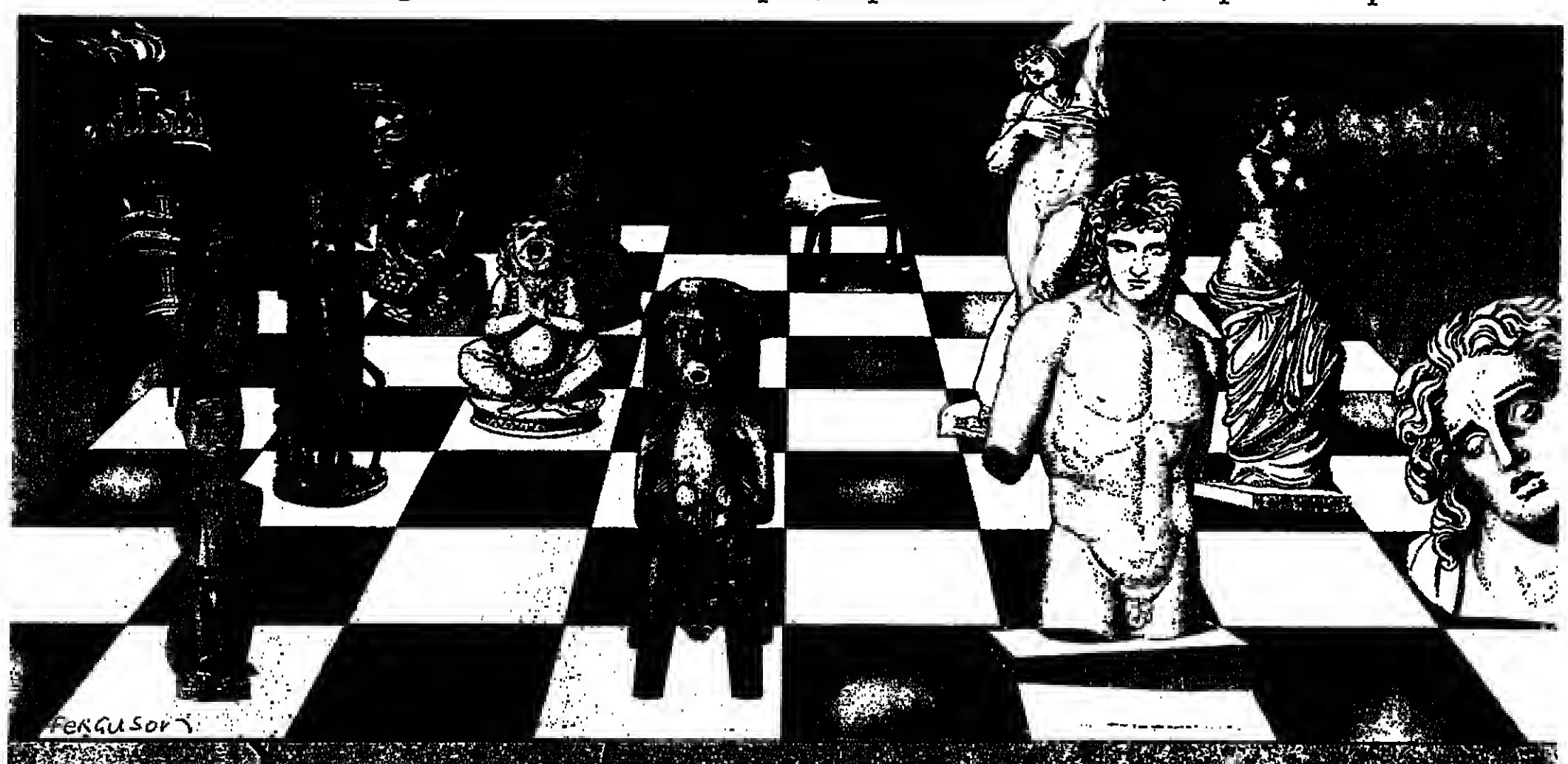
Peace protests are passé. The big issue on the US campus, reports Bruce Clark, is personal politics

On a bright mid-winter's day, when the stark urban landscape of Binghamton is softened by a fresh fall of snow, the small city of Binghamton is a fine vantage point from which to contemplate the ebb and flow of the American dream.

Although it is home to International Business Machines, this reflected glory cannot disguise the industrial decline that has boosted the relative importance of the city's other dream factory: the plain, concrete classrooms of the State University of New York, a campus that has made up in political fervour what it lacks in glamour.

Mother Jones, California's journal of liberal chic, has dubbed Binghamton one of the 10 most activist colleges in the nation. A year ago, students occupied the university's head office for a week after the administration tried to limit numbers at a college assembly meeting and police intervened with pepper spray.

The college provides an important early stepping stone – an inexpensive, no-frills education – for immigrant communities in pursuit of happiness: Koreans, Indians and ex-Soviet citizens are among the latest.



But the angry tone of student politics, and the passion in the pages of the campus newspaper – *Pipe Dream* – is a vivid reminder that something has happened to the American ideal.

There is not one dream, but many. Fundamental questions about America's cultural identity, its past and future are being answered in so many different ways that even a country as big, tolerant and flexible as the US is struggling to accommodate them all.

In contrast with the anti-Vietnam war movement or the campaign against investment in South Africa, the latest student debates about little immediate concern about events in distant lands, or America's role in them; nor do they place much emphasis on overturning the economic system.

Compared with the 1960s or even the 1980s, the issues that stir the passions of today's student body are much closer to home. They have to do with the curriculum, and by extension the whole balance of cultural power on the campus. They can be summed up in two words, which have a soft, woolly sound but have acquired a specific, and emotionally charged, meaning: multiculturalism and diversity – or to put it crudely, the politics of ethnicity, identity, race and gender.

Yet the stakes in the new campus war could hardly be higher. At issue is what sort of country America imagines itself to be, how it views its past and what sort of nation it is striving to become in the next millennium.

For a vocal minority of Binghamton's students and faculty, the educational system is still far too biased in favour of traditional western culture and the "dead white males" whose ghosts the radical wing of academe is trying to exorcise from the young American mind. But the elected leadership of the student body, in a sort of

role-reversal that has become quite common on American campuses, has exactly the opposite complaint.

Its political complexion is well to the right of the university administration – and it thinks the curriculum, and the general tone of university life, already make too many concessions to radical and minority grievances.

In common with many other colleges, Binghamton boasts a right-wing student magazine that unleashes articulate broadsides against conventional liberal wisdom on race, gender and culture.

"I see a bad tide rising..." writes a certain John Carney in a recent issue of the *Binghamton Review*. "Education into civilisation is all but gone. In its place is multicultural education, education against civilisation. Multiculturalism has declared open season on our inherited wisdom, proclaiming its obvious dedication to anti-American politics as a virtue."

In a college whose administration's stated priority is winning the trust of ethnic-minority students – who make up about a quarter of the campus – such journalism is a battle-cry in an escalating cultural war.

Disturbingly – for anyone concerned about America's ability to survive as a single, coherent nation – the conflicting parties do not sound like participants in the same argument. They seem to inhabit separate universes, destined either to clash or to co-exist – but not to meet in the middle.

To many on campus, last year's sit-in was a reminder that a hard core of minority students is almost irreconcilably alienated from the system, despite the loudly proclaimed efforts of the university administration to "build an inclusive community" and make all groups feel at home.

"We have a lot of students of colour who say they are

not being heard," says Roger Summers, a gentle-mannered African-American administration official who describes his aim as creating a "community where people can share their thoughts and views" and talk through their complaints. In practical terms, this means inviting successful black personalities to speak on campus – "Turning Conflict and Diversity to Your Advantage" was a recent title – and persuading radicals that the university will stand firm against the excesses (as they see it) of campus conservatism.

But minorities are not the only ones to feel aggrieved. In the words of Arthur Levine, the author of a forthcoming book based on research at more than 30 campuses, "there is a broad

students who arrive on campus with an open mind: "For example, I'm Irish-American, and I'm being told my background isn't good enough."

The rightward movement in the student leadership reflects a conservative trend among European immigrants to the New York area – Italian-Americans, Greek-Americans and the traditionally liberal Jewish community – who are abandoning their old allegiance to the Democratic party.

But Quinlan and her fellow conservatives – her closest ideological ally is a Chinese-American woman – present their political trajectory as an understandable reaction to the absurd excesses of radicalism.

"Many of my friends became more conservative when they got here because they felt ostracised by all this multiculturalism," says Quinlan. "White males on this campus are made to feel that whatever they do, however hard they try, they can't get it right..."

Ironically enough, her office – held for part of last academic year by a far more stridently conservative figure, a former army ranger aged 37 – commands substantial power because of the legacy of leftist student protests. It was only after the 1990s that the organs of student government won recognition as independent, responsible legal entities, and were given some say over the curriculum.

All undergraduates are now required to take a course in "American pluralism" – covering three of the five cultural traditions in the US: European, African-American, Asian-American, native American and Hispanic. There is another obligation that sounds like a gift to critics of academic soft-mindedness: a course in "global interdependency", which is defined as the study of any phenomenon – economic, cultural, musical, medical or even geological – which

straddles more than one region of the world.

But advocates of multiculturalism were bitterly disappointed when Harper College, the liberal-arts section of Binghamton University, voted earlier this year by a wafer-thin majority to strike down the so-called "diversity requirement". Notionally in force since April 1995, this measure obliged students to take at least two courses on "differences traditionally under-represented in the US curriculum".

These courses must give weight to issues such as "inequalities of power, the nature of oppression and relations of dominance among various groups of people". In a small sop to the right, it was conceded that "a wide diversity of theoretical perspectives" could be used to consider these issues.

Maria Lugones, a Latin American studies professor who strongly supports this requirement, says the ill-tempered dialogue which led to the measure being struck down – by a deeply divided college council that included faculty, students and administrators – was in itself a vivid illustration of why the curriculum needs radical change.

She presents her case for obliging students to study overt and hidden forms of oppression in a language studied with neologisms that is utterly remote from the hard-headed scepticism of Quinlan and her friends. Studying diversity, she argues, should be much more than observing differences in human society.

Students must learn to understand "not only the process of othering, but the construction of the other and oneself". In other words, she wants to create a way to look at oppressed groups – women, racial, linguistic and sexual minorities – through a lens other than the oppressor's.

But if the intention is to

help young Americans understand each other better, it seems in some quarters to be having the opposite effect. For campus conservatives, such language is simply an eccentric hold-over from the cult of the victim, fast going out of fashion in mainstream America.

Lois DeFleur, the university president, is defiantly unfazed by the chasm that divides her fiefdom: "They're so bright, so verbal, so ambitious." She even loves the way they demonstrate: "They clean up... they're not destructive... they have organising committees, negotiating committees, walkie-talkies, so much more sophisticated than our generation was in the 1960s."

What will they do with all this sophistication? In its first two centuries, the US has shown an astonishing ability to absorb, accommodate and neutralise dissent and cultural difference of every kind. But in a strange way, the death of the cold-war debate over economics and foreign policy has not brought young, educated Americans closer together.

The old arguments have been supplanted by something even more volatile and divisive: students have begun arguing about their own identities, their very selves. And they are not inclined to compromise.

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In FT Weekend

PERSPECTIVES

The Nature of Things

The need to talk sends mixed signals

Mobile phones are posing a threat to our understanding of the universe, writes Clive Cookson

Mobile phones have been accused of many things. They disturb passengers in trains and drivers in restaurants, cause road accidents by distracting drivers, spoil the view through ugly transmitter masts, and are feared to cook the brains of frequent users through excessive electromagnetic radiation. Now they are threatening the science of radioastronomy.

Interference from mobile communications is already making it more difficult to detect faint radio signals from outer space, and astronomers say communications satellite networks planned for the next few years could make matters far worse - obliterating the wavelengths that are most important for scientific observation.

The threat is more serious than the similar problem of man-made light pollution for conventional telescopes. In optical terms, it would be like trying to see faint stars through the glare of hun-

dreeds of powerful spotlights in orbit.

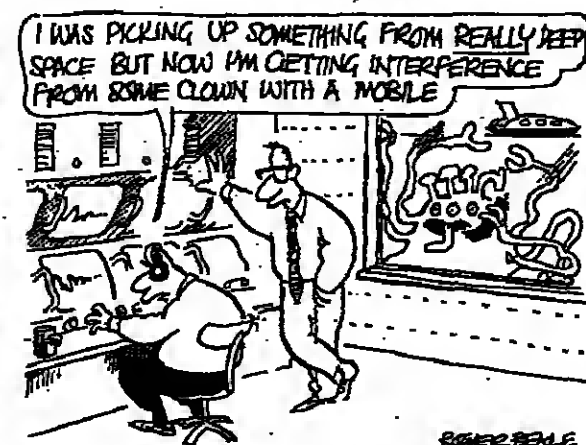
The demise of radioastronomy would be a tragedy for science. The field has contributed enormously over the past 50 years to our understanding of the universe and has huge potential to make more discoveries.

Distant galaxies, several stages in the evolution of stars and many molecules in interstellar space can only be detected by their radio emissions, because they do not give off enough radiation in other regions of the spectrum (infrared, visible, ultra-violet, X-ray and gamma-ray). And radioastronomy is essential for studying the "cosmic microwave background", the faint relic of the Big Bang that started our universe.

The radio spectrum is

divided up between competing users through a series of global and regional agreements under the auspices of the International Telecommunication Union. The most recent of the ITU's biennial World Radiocommunications Conferences, WRC-97, has just finished in Geneva.

Unfortunately, radioastronomy is increasingly being squeezed out of its allocated frequency bands by the insatiable demands of commercial users, particularly mobile telephone companies. Although astronomers make sure they have representatives to fight their corner at meetings such as WRC-97, they are inevitably outgunned by companies spending billions of pounds on satellite communications services.



they will stay away from the frequencies that are most important for astronomy. The question is how far away.

Astronomers emphasise the strength of man-made transmitters, compared to celestial radio sources; a single mobile telephone transmitting on the moon would be the third most powerful radio source observable in the universe.

As a result, there can be disastrous interference even when, on paper, there is a frequency gap between them.

Two bands allocated to radioastronomy in the 1950s - and still vitally important today - are 1400-1427 MHz and 1610-1613 MHz. They cover the natural transmission frequencies of neutral hydrogen and the hydroxyl (OH) radical respectively.

The hydroxyl band is particularly threatened by new mobile communication networks, such as the Iridium consortium led by Motorola of the US, which plans to fly 66 satellites in low earth orbit by 1999.

They will beam down signals to mobile phones in the 1621-1626 MHz range, which is disconcertingly close to

the 1610-1613 MHz reserved for science. Astronomers fear they will be swamped. Radioastronomers have escaped the worst effects of earth-based radio services, because transmitters have deliberately been built away from radiotelescopes and vice versa.

Wolfgang Reich of the Effelsberg radio observatory in Germany says: "We're located in a valley and the hills protect us from terrestrial sources, but there's no escape from satellites."

Communications companies can make technical adjustments to reduce their impact on astronomy, by cutting down emissions outside their defined band. But Jim Cohen of the UK's Jod-

rell Bank radiotelescope, who chairs the European Science Foundation's Committee on Radio Astronomy Frequencies, says companies are reluctant to make the necessary investment.

"The problem is that the ITU has not yet placed limits on unwanted emissions from the satellites," he says. "They can only protect us if they think of us when designing the system, rather than trying to protect us as an afterthought."

The search for natural radio sources such as quasars, pulsars, and interstellar gas clouds is not the only activity threatened by man-made radio pollution. The search for extraterrestrial intelligence (SETI) is an increasingly respectable scientific pastime that requires clear radio reception to hear any signals from civilisations elsewhere in the universe.

It would be a shame if our eagerness to babble endlessly among ourselves, as we rush around the earth, were to blot out a message from intelligent life on a distant planet.

Minding Your Own Business

The wine that grew under pressure

The Frasers took on a vineyard three years earlier than planned. Grania Langdon-Down reports

Nick and Charlotte Fraser found themselves in the deep end of the wine vat when they bought an 18th century stone house, with vineyard, in south-west France. Their aim was to go to "wine school" in Bordeaux for three years and then to run their own vineyard when Nick retired after 24 years with a City of London stockbroker.

They bought the house, Domaine de Perches, just outside Gallac, in 1996; it took them three years to get it smartened up. During that time, they leased the 30 acres of vines to a farmer, who sold the grapes to the local wine co-operative.

The farmer was due to retire in 1996, by which time the Frasers expected to take over. But two months before Nick's retirement in 1993, the farmer announced he was giving up immediately.

The Frasers were left with a vineyard but no one to run it. They turned to Jacques Anquet, their French neighbour, for advice. He suggested three options: find another tenant; sign up with the local co-operative and sell the grapes; or find a friendly vigneron (vineyard owner) to help them look after their vineyard and actually produce wine.

When they realised that Anquet was offering to be the vigneron in the third option,

they decided to take the plunge and work with him to produce their own label.

"Of the three choices, we were worried that if we let out the land again, we might not get it back, and we did not want just to squeeze the grapes and sell the juice off to the local co-op," says Nick.

"We felt there was no point becoming involved in the process unless we were making our own wine - but that meant doing everything from bottling to marketing. If it had not been for Jacques and his son Bernard, we would never have taken it on."

"He had just extended his lease [wine cellar] and was happy to defray some of the costs by letting us use his wine press and some storage space for our vats. Another enormous advantage of working with him has been the way it has opened a lot of doors into the French wine community."

Neither of the Frasers had envisaged a lazy retirement. After 24 years with James Capel, the last six as director in charge of investment management, Nick, 62, combines the administration of the vineyard and marketing their wines with an advisory job in London as non-executive deputy chairman of Matheson Investment.

Charlotte, 56, who started her career as a dress and knitwear designer, retrained

as a horticulturalist 15 years ago and has run her own nursery garden in London. She transferred her enthusiasm for plants to the vines and is particularly involved in the vinification and blending processes.

Married for 16 years and with six children between them, the Frasers divide their time between France and their home in Cluswick, west London, depending on the demands of the vineyard. They have found the bureaucracy surrounding wine-growing "amazing". Nick says: "You are controlled at every stage and you have to be very careful to conform. The authorities - starting with Brussels - are regarded as demons by the locals." This is where the bodies responsible for overseeing wine production at European Union, state and

local level, respectively, are based.

Their first vintage was 1993, when they made a Sauvignon Blanc and a Blanc Sec, both of which obtained Appellation d'Origine Contrôlée (AOC) status by reaching the standard set by the local wine committee. The following year they produced a Mauxac and an oaked Sauvignon and two years ago made their first sparkling wine.

Sales have grown from 30,000 bottles in 1994, limited that first year because part of the harvest failed, to about 100,000 bottles over the past year.

It cost about £200,000 to modernise the vineyard. This included buying equipment, such as tractors, vats and pumps, for about £100,000. New vines cost about £20,000, preparing and improving the vineyard

£20,000, planting the new vines and putting them on the old vines up on wires, £20,000. Work on the storage buildings and wine cellar cost a further £34,000.

The Frasers raised the money through grants from Brussels, Paris and Toulouse, amounting to £30,000. They also successfully applied to the French ministry of agriculture for a £100,000 agricultural loan, which they have to pay back over 10 years at a government-subsidised interest rate of 3% per cent. That left about £70,000 to find from their own resources.

Alongside the vineyard, they own 50 acres of arable land which a local farmer has planted and harvested for them since they bought the property.

Nick has worked out that their overheads for the vineyard and the arable land

come to about £120,000 a year. Of this, £50,000 goes on insurance, accountancy, repayment (plus interest) of the loan, taxes, wine technicians to advise on the tasting, maintenance of equipment, treatment of the vines, and hire of a grape harvest machine.

They have one permanent and one part-time worker, which costs about £11,000 in salaries and a further £5,000 for the French equivalent of social security. The Frasers also pay the Augues £10,000 for overseeing the vineyard, the vinification and use of their vats. Bottling, labelling and packing costs about £33,000.

Charlotte says their efforts have been welcomed by the local wine community. "Gallac was a very run-down area and it was only about 10 years ago that people started investing more

money in the vineyards. So the locals see all investment as helping the whole area."

Nick adds: "Also, we do not attempt to market our wine locally so we do not compete with them. Right from the start, we decided to concentrate on the UK."

The Frasers' first bulk sale was of 15,000 bottles to the mail order company Direct Wines, which owns Bordeaux Direct and The Sunday Times Wine Club. This order has increased to 50,000 bottles. "The club is our biggest single customer. We make a special blend for it under a separate name," Nick explains.

The remainder is sold through a variety of outlets, including Berry Brothers & Rudd in London, and Averys of Bristol. It retails at between £4.50 and £5 a bottle. "We knew it was going to take a good five years

before we started making a serious profit. We are now at break-even point but we ought to be able to make £20,000 a year profit eventually," he says.

"Expanding production is not really an option unless we buy more land. We have decided to concentrate on improving the quality of our wine rather than increase our output. Fortunately, I have my pension so it is not life and death to us to make a huge profit."

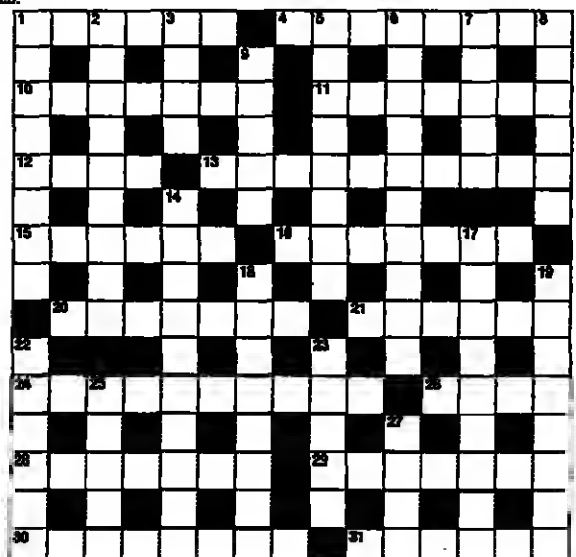
Nicholas and Charlotte Fraser, Domaine de Perches, Lorbier, 31600 Gallac, France; tel (05 33) (05 33 33 11 05, fax (05 33) (05 33 33 11 05. Domaine de Perches UK office, 5 Oxford Road North, London W4 4DL; tel: 0181-742 2391, fax 0181-742 2392.

Next week: French bureaucracy defeats a British couple

CROSSWORD

No. 9,551 Set by DINMUTZ

A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday December 17, marked Crossword 9,551 on the envelope to the Financial Times, Number One Southbank Bridge, London SE1 8SL. Solution on Saturday December 20.



Name: _____
Address: _____

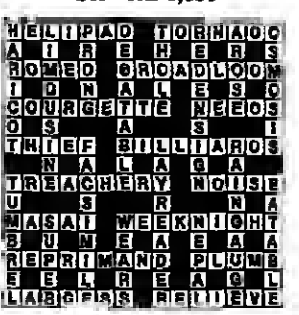
WINNERS 9,539: A.J. Lees, Ipswich; A.J. Freeman, Purley, Surrey; Mrs G. Johnson, Newton, Cambridge; Mrs Joy Martin, Wigginton, Oxon; B. & C. Weir, Hook End, Essex.



ACROSS

- 1 The rest of the day (6)
- 4 This stars displayed in Atlantic Islands (9)
- 10 Surrounding French well in a mountain (7)
- 11 Fence for beer? (7)
- 12 English county a US state? (4)
- 13 Small car, with damaged exterior, is reduced in value (10)
- 15 You, for example, said to make an admission (6)
- 16 A pound rate of exchange here in Canada? (7)
- 20 Severe road accident in break at university... (5-2)
- 21 ... smart to go around motorway, showing licence (6)
- 24 Bizarre wagging of hound's tail (10)
- 26 Tyrant imprisoned by patriot's army (4)
- 28 Jelly, for example, over tongue (7)
- 29 Ugly expression of resolute champion (7)
- 30 Fancy Alintree's oovies? (6)
- 31 Fighting dogs (6)

Solution 9,550



DOWN

- 1 Still crackling on a fire? (8)
- 2 Enough space in which to judge Othello in retirement (5-4)
- 3 Bank secure with rand? (4)
- 5 Display scope of Hendon, possibly (8)
- 6 Chap from Bath heads crime-busting (10)
- 7 National flower over hospital entrance (6)
- 8 Stayed around farm... (6)
- 9 ... hung around, say, to become sober (5)
- 14 Vehicles stop advancing (6)
- 15 Race officials in first parts of courses (8)
- 17 This, a more alternative holiday plan (4-5)
- 18 Conduct is good in Scotland - came can be destroyed (8)
- 19 Face officials in first parts of courses (8)
- 22 Left behind, give up time (6)
- 23 Custom to have banger with front parts missing (6)
- 25 A piece of luggage turned up here in Oklahoma (9)
- 27 Cover nothing in a bathing-pool area (4)

Solution 9,539



If you are taught to remember rules, your guide is doing you a disservice. At best, a rule is a generalisation. Each bid, each play, should be logical. If it is not, how can we decide whether to follow the rule, or break it? This hand should be simple for the good player, but the indoctrinated may falter.

N
♠ J 10 8 5
♥ 7 5 2
♦ 5 4 2
♣ K 8

W
♠ 9 8 7 3
♥ 10 4
♦ J 7
♣ A J 10 9 6

E
♠ K 4
♥ 9 8 6 3
♦ K Q 10 9
♣ 5 4 2

South did well to open 1H, rather than 2NT. With a poor 20pts, game is most unlikely if partner cannot respond at the 1-level. Against 3NT, West led J5 and declarer played dummy's K4, which held the trick. Declarer then led Q4 and East covered the honour with an honour, just as he

had been taught. South tabled his hand, and claimed nine tricks.

Cover an honour with an honour only if there is a chance of promoting a lower card for your side. Here, by covering Q4 with K4, East did succeed in promoting West's 94 but, sadly, only when it was too late.

East should have reasoned that if declarer held three spades, then so did West, and no trick could be promoted. If, on the other hand, West held four spades, then declarer held only 4A and, without an outside entry to dummy, if East refused to cover K4, declarer would be limited to only two spade tricks.

Many players are told that to hesitate is cheating. This is incorrect. To hesitate for no reason would be wrong; to take advantage of partner's hesitation would be unethical. But to stop to think about a problem is both acceptable and desirable.

Paul Mendelson

BRIDGE

CHESS

Controversy has already enveloped the first knockout world championship, which opens at Groningen, in the Netherlands, on Tuesday, before a pawn has been pushed. Kasparov will not play; and after a grandmaster protest against the holder Karpov's seeding to the final was rejected, world No 2 Kramnik joined him on the sidelines.

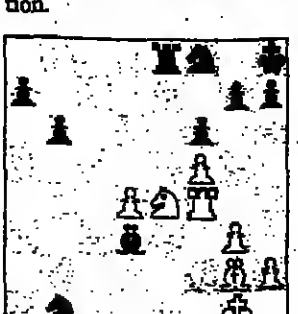
Many believe the event is a lottery, and there is also unease about the record \$5m prizefund, originally put up by a Russian oil group but now guaranteed only by the Fide president Ilyumzhinov, ruler of Kalmykia, an obscure Caucasian republic. Still, the GMs will be doing their best, none more so than Nigel Short who was in the same quarter of the draw as Kramnik and now has a chance to reach the semi-final.

In contrast, Michael Adams faces tricky pairings against the youngest GM Bacrot and the fast improving Svidler, who has already won three Russian championships and recently beat Kasparov at Tilburg.

When KO matches are tied 1-1, they will be settled by five-minute blitz and 30-minute rapid chess, a format which the 20-year-old enjoys

(Svidler v Ikonov). 1 e4 e5 2 d4 d5 3 Nc3 Bb4 4 c5 c5 5 a3 Bxc3+ 6 bxc3 Ne7 7 Qg4 Qxg4 8 Bb3 f5 9 exf6 Rxf6 10 Bg5 Rf7 11 Qh5 h6 12 Bh7+ Kxh7 13 Qx7 h7x5 14 N3 N5 15 h4 g4 16 Ng5+ Kh6 17 Qxh6 exf6 18 Nf7+ Kh7 19 Nxd8 Resigns. White wins on material.

No 1209
Karpov v Kurajica, Tilburg 1994. Even world champions need luck. Karpov had lost the first of a two-game mini-match, and is now a pawn down with a dubious position.



"If Black [to play] had made the right move now, I would have resigned," he said later. Kurajica didn't see it, and Karpov won game and match. What should Black play?

Solution, Back Page
Leonard Barden

PERSPECTIVES



Joe Rogaly

Hungry eyes peer through the window

The number of very poor people on the planet is increasing. Are there any weapons left in the war on poverty?

Each for the champagne. It is time to talk about poverty. We must show concern for the 1.3bn people who survive on less than a dollar a day. Focus on starving babies, short lives, bad water. This is a lot to ask. If you are busy trying to heap caviar on your spoon it is tiresome to think about the hungry eyes peering through the window.

Most American politicians find it impossible. Lyndon Johnson declared a "war on poverty" but his successors withdrew from the field. The US is abandoning the contest, at home and abroad. Foreign aid is no longer thought about, even as an adjunct to foreign policy. Its effectiveness is doubted. Anyone who calls for further contributions from taxpayers is curiously rebuffed.

We Europeans, whose air of moral superiority is matched

only by our fiscal parsimony, pretend to be shocked. Yet the American hard-liners are not driven by greed alone. Insularity plays its part. So does disappointment. Untold billions have been poured into Africa south of the Sahara, but the region's agony persists. Such evidence is not easily disregarded.

Against that, many of us in the rich west still believe that humanity should not tolerate subject poverty. Should aim to eliminate it. The British government has set that as a goal. Admirable. The question is, how? One non-British suggestion is that assistance to India, Pakistan and neighbouring countries should be diverted to sub-Saharan Africa. Let south Asia take care of itself.

Another notion floats past our ears. International financial transactions should be taxed and

the proceeds spent on the world's poor. American senators have apoplexy at this one. Other reveries appear. There should be a planetary minimum income. The World Bank and/or national aid agencies should be reconstituted or abolished. Every state university in the US should adopt a developing country, assist its students.

This last vision is pure Jimmy Carter. The former president of the US gave his version of it on Wednesday. He was at a conference organised by the Aspen Institute, a distinguished talk tank. It was at a meeting of the institute in Aspen, Colorado, that Margaret Thatcher famously admonished George Bush not to "go wobbly" the day after Saddam Hussein invaded Kuwait.

This week we lesser mortals met in England. If we were wobbly

it was from the effort of carrying the heavy volume of background material prepared for our delectation.

Here is what the Aspen papers, and the talk, boiled down to: capitalism does make some people rich, some less poor. On its own, it is an insufficient means of reducing absolute poverty. You cannot rely on trickle-down.

East Asia is the currently fashionable case study. It opened its economies to outside capital and trade. The proportion of its population living on under a dollar a day fell from 40 to 20 per cent in two decades. That put rice in the bowls of 350m people.

It was not achieved by simply letting the market rip. Many of east Asia's economies were heavily steered. Companies worked hand in glove with administrations. Taxpayers' money was spent on primary

education and health. Between 1970 and 1995 the infant mortality rate was halved. Governments sought consciously to bring the benefits of growth to their people.

Integration into the global economy is, most economists insist, plainly a first step. There are others. At the Aspen meeting we wrote this recipe down as "market plus". The ingredients vary. Budgets must move towards balance. Central banks should be independent. Governments must be competent; the poor active in their own interest; institutions reformed.

China has many of these planks in place. Before the financial failures of the past few weeks, east Asia as a whole was set to have the proportion of its very poor yet again, well before 2015. (The data appears at the top of a table prepared by World

Bank staff.) But even in China some provinces are being left behind.

South Asia is also reducing poverty but its expected rate of wealth creation is slower than that expected of its eastern neighbours. Its people might benefit from a stronger dose of market liberalisation. It still has more people living in dire poverty than any other area. If it were liberated from all outside assistance it could go either way, move to a Pacific rim rate of advance or sink into desperate, African, somnolence.

Sub-Saharan Africa is not catching up at all. It has allowed wars to drain its resources, corruption to sap its energies. It needs growth of 8 per cent a year but its projected performance in 1997-2000 is 0.6 per cent. In this, the most unfortunate part of the planet, 15.7 per cent die before

reaching the age of five. Black Africa's share of children in primary school actually fell between 1980 and 1993.

I take most of these figures from a paper presented to the Aspen meeting by Michael Walton, director for poverty reduction at the World Bank.

You could be an optimist. On standard measures - access to clean water, longevity, literacy and the like - life is better for a larger proportion of the world's inhabitants than it was a couple of decades ago. But the population has grown, and so has the number of very poor people.

It would be marvellous, would it not, if "market plus" could work as swiftly on improvements at the lower levels of human existence as it is at enriching the rest of us.

Bubbly, anyone?

e-mail: joe.rogaly@ft.com

Lunch with the FT

Hang on to your wallets - here comes Drucker...

He can make you give generously. Christian Tyler meets a man who knows how to raise £10m

With England's richest companies on his doorstep and the Financial Times paying the bill, Henry Drucker might have chosen an eye-wateringly expensive restaurant. For is Drucker not the lunch-buddy of billionaires, the eminence grise of British fundraisers, the man with the honeyed tongue and the cash-register eyes?

It seems not. My guest was far from ebullient. Indeed, he seemed a little apprehensive. He chose a modest local restaurant, Michel's Café Français in the Oxford suburb of Headington, a place where hospital bigwigs, he chatted up by medical equipment salesmen. The only immodesty was the £21 they charged for a dull bottle of Fleurie.

We met first at the headquarters of Drucker's consultancy, Oxford Philanthropic. I saw no soaring steel-and-glass tower with pouting receptionists in its atrium, only a cosy, converted terrace house down a side street. The boss sat at a big old leather-topped desk in the back room.

Drucker has been all over the media recently, commenting on the Formula One affair in which a £1m donation to the Labour party became linked to the prime minister's exemption of the sport from a tobacco advertising ban, leaving Tony Blair looking just another pork-barrel politician.

The pundit of philanthropy is a Labour-supporting American who taught political philosophy at Edinburgh University for 20 years and has worked with senior government figures Gordon Brown, chancellor, and Robin Cook, foreign secretary. He was briefly taken on by Blair's private office before the general election in a fundraising capacity.

The impression given at the time was that he was to be an important player. In fact, he never got the big contract he was expecting and was paid off after writing his consultant's report. Drucker says the relationship was ended because he had objected to a "blind" trust set up for Blair by another fundraiser, Michael Levy. The Labour party now says it was because Drucker's proposed strategy for big donations was the wrong recipe.

What is beyond dispute is that Drucker had form. He had been the £40,000-a-year director of a big fundraising campaign for Oxford University from 1988 to 1994 when £340m was raised - or so the public was told.

Here, too, however, his impact has subsequently been qualified. Drucker admits that about half of

that £340m might have come in anyway. But a review of Oxford fundraising chaired by Sir David Smith, president of Wolfson College, says that only £140m was actually raised from philanthropists. The other £200m was in the form of research grants and contracts. Even so, the campaign brought in a respectable nine times the amount of money spent on it.

These days, Drucker does not chat up donors himself, but earns his fees telling other people how to do it. He cannot be faring too badly. His suits are handmade, he told me, and his bank balance healthy, even if his life has changed little otherwise.

As he ordered crab claws and fillet of beef, he said: "Three times in the last 18 months people have come to me and offered me 10 per cent to raise £10m. And I've

'You don't go out and get a million gifts of £10 each'

always turned them down."

You must be crazy, I said. "No. I know how you raise £10m. You don't go out and get a million £10 gifts. You probably get one of £2m or £3m, a couple of £1m and a dozen of half a million. And if those people knew that 10 per cent of their money was going into Drucker's pocket, they would be extremely displeased," he chuckled.

But if it was a million people giving £10?

"That's different."

"They wouldn't find out?"

"They wouldn't ask."

Drucker got into fundraising while at Edinburgh. He had no special expertise, he said. "I rather suspect that, in their racist sort of way, my British colleagues assumed, 'Oh well, Drucker's a Yank, he knows about these things'."

But at least you weren't ashamed of money?

"No, that's true."

Oxford is a jealous place, and its internal politics are Byzantine. Some say Drucker was the wrong person to send out to bat for the university, that the campaign fluffed its marketing of one of the world's best brand names, and that individual colleges were unnecessarily antagonised. The guru of the glad hand was modest enough to confess to me that he was not much good at chatting up donors.

"I'm not very social," he said. "I don't love a lot of small talk. I don't think I'm particularly good at those kinds of skills. What I do have - I shouldn't say this, this is really pompous -

is a kind of a vocation."

Vocation? Is Henry Drucker a pastor or therapist? Giving is good, he explained, not only for the receiver (and the fundraiser) but especially for the giver. "Fundraising can liberate the donor," he proclaimed. More than that, the involvement of rich outsiders was good for institutions. It stopped the bureaucrats dictating their future. Private patronage ensured variety.

"This is a possible salvation for the great cultural institutions of the United Kingdom," he said.

While we waited for the main course I asked about donors. Weren't the best donors Jews and Moslems? Not at all, said Drucker. "The most successful fundraisers in the world, measured by dollars raised, are American universities. But the vocabulary, the arguments, are all Protestant arguments. It's about inspiration, changing the world, and personal destiny. The language of fundraising I teach is really a version of Protestant theology."

He said he told one elderly lady, Jane Ledig-Rowohl, that if she founded a scholarship programme she would become the Cecil Rhodes of the 21st century. "Her eyes lit up, and we got it. She eventually left £7m in her will."

Drucker seems to attract controversy. His greatest coup, he says, was the £30m given by Walid Said, a Saudi businessman for British arms exports to the kingdom, to endow a business school on a greenfield site in the centre of Oxford. The plan created a furore and was saved by the discovery of a less sensitive site near the station.

His greatest mistake - though Drucker won't mention the name - was Geri Rudolf ("Muck") Flick, who offered to fund a professorship. Drucker advised the then vice-chancellor that only "a few obsessives" would fuss about the fact that Flick's grandfather employed slave labour for the Nazis. In fact, the row was such that Flick withdrew.

I mentioned Blair's Formula One fiasco, and Bill Clinton's fundraising struggles in the US. How, I asked Drucker, should political parties do it?

His answer was to make it a game. Ensure that the party had a bagman, senior but separate from the leader; and not to rely on big donors but go for middle-income supporters paying £50, £100 or even £1,000 a year.

Fundraisers share with management gurus and Chinese propagandists a taste for numerology. Drucker employs the "Seven Steps of Solicitation" pioneered by Stamford University and



Henry Drucker: 'When it's time to pop the question, never ask for a particular sum - for if the victim agrees, you haven't asked for enough'

developed by Princeton. He has devised his own "Eight Steps of Solicitation". For example, the Hello Gift is a small sum - £1m, say - which you let a donor give you on first meeting in order to hook his interest in your project. You will be back for a lot more later. It should not be confused with the inoculation gift, which is a smaller sum - £100,000, say - that a very rich person volunteers in order to stop you working on him for more. Then there is the Brick in the Wall, a small

Every rich person should be warned of The Seven Steps

sum you solicit from the heir to a mega-fortune. Flatter him while he's still overhauled by daddy, and once he inherits, he's hooked.

The Seven Steps is a rubric which every rich person should be warned of. They include intimate investigations into the victim's tastes, illnesses and causes of death in the family, and informal chats with his bank manager. After that, said Drucker, it's like courtship.

"The girl knows what you're after, but she still likes to go to the concert."

Then it is time to pop the question. Never ask for a particular sum. For if the victim straight away says Yes, you've lost. Why? Because it means you haven't asked for enough.

The process ends with "closing" - the donor meets the real head of the body he is giving to, and "thanking", which means having your name written over the building or (in Oxford's case), being dressed in red robes and being enrolled, in Latin, as a member of the Chancellor's Court of Benefactors. (It was after such a ceremony that Walid Said was touched for the big sum.)

As the waitress cleared away, I asked Drucker whether people ran when they saw him at parties?

"I don't think so."

Aren't they afraid you're after their wallets?

"I haven't met that response. Most wealthy people also raise money for particular charities. So we have a lot to talk about."

When you meet the glitterati in London don't they run away shouting "Watch out! Drucker's about?"

He laughed. "You have an exaggerated view of my social life."

I paid the bill, a modest £80 - and, on the FT's behalf, felt a little liberated.

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JAN 10 1998

PERSPECTIVES

Truth of the Matter When truth may be a healer

An escape from justice? Therein lies hope, says Hugh Dickinson

Let justice be done even if the sky falls in," wrote Tacitus, the great Roman historian. A noble sentiment and one which lawyers and democrats will applaud. In a free society, an independent penal and legal system is more important than democracy itself. The absolute and impartial enforcement of the rule of law, with access and redress for all citizens regardless of wealth or political leverage, is one of the highest ideals of western democracies.

In practice, we know there is a huge deficit of both democracy and justice in our society. The courts are prone to terrible delays, endless legal quibbles, manifest misjudgments and miscarriages. When natural justice needs to be done the law is too often an ass.

Justice for the oppressed and the poor is one of the greatest themes of the prophets of the Old Testament. Even kings could be called to account before God - in theory. In practice, a good many outspoken prophets lost life or liberty.

So it is perplexing - even scandalous - to some observers that Archbishop Tutu's commission in South Africa is called Truth and Reconciliation, not Truth and Justice. Many lawyers, experts in jurisprudence and political history, have publicly attacked or derided the proceedings. The amnesty offered (they say) is an easy escape route from justice and due punishment for men and women who have done appalling things.

All they have to do is weep a little in front of the cameras, tell no more of the truth than they are forced to, and then the slate is wiped clean. They can walk out of the courtroom and grin at the shocked relatives of the people they tortured to death. A little truth maybe, but reconciliation? Certainly no justice, just "squishy feelings", as one commentator dismissed it.

It may be worse than that. We can't expect the individual victims and their torturers ever to shake hands and be friends. But the task is not so much the reconciliation of victim and violator as the healing of the enmity between bitterly divided and wounded communities and races.

The public exhibition of squishy feelings is no foundation on which to build a new society - so goes the argument. A plaster of absolution may be stuck over the gaping wounds, but unless justice is done and seen to be done to the perpetrators of atrocities, the new state is built on a lie - even if the witnesses have told the truth.

It remains a time bomb ticking away to explode as soon as a political crisis hits the government. Justice has not been done or seen to be done.

So it brings us up with a jolt when we hear a quite different argument being put forward, not by well-meaning liberals or religious spokespersons who may be thought to have a vested interest in a rather

wet "forgiveness", but by victims of torture themselves and relatives of the murdered or "disappeared".

When interviewed on British radio, one witness refused to repeat the details of what had been done to him because it was too terrible to talk about publicly. But like many victims, although he longed for justice and vengeance, he realised that the very process by which justice is delivered, its long delays, subterfuges, legal arguments, appeals and uncertainties, could not reliably deliver the multifarious sentences and balanced judgments and penalties to bring everyone to justice and justice to everyone.

It would take years and years, perpetuating the antagonisms and possibly provoking reprisals and further deaths. Justice like that simply prolongs the trauma. In a context such as

Exhibiting squishy feelings in public is no foundation for society

South Africa, the judicial process is particularly vulnerable to accusations of bias.

So for many of those who have most right to cry for justice the Truth and Reconciliation Commission's path is better, not just as a second best, but because in the context of a nation at war with itself it offers a swifter road to healing a whole community.

The emotions evoked by terrible events and atrocious actions are not squishy feelings. Nor, it must be said, are the intense remorse, guilt and shame evident in some (not all) of the perpetrators when they have to stand in front of the commission whose members embody such rare qualities of humanity and moral integrity.

There is a tribunal beyond human justice which pierces to the core of a man's integrity - even his identity as a human being. That utter moral nakedness which is without excuse is terrible to behold. As one woman who lost her son said of his murderer: "I can never forgive him, but I can let him go. He knows the truth and I know the truth."

Perhaps there are transactions of the heart in these extremities of pain and guilt which are beyond the reach or even the sight of man in wigs. Only those who themselves have entered that awful arena can understand them, but the evidence of those who have been through the fire seems to suggest that there are possibilities not of forgiving or forgetting but of a healing hope for the future if we do not demand justice at any price. As a 5th century Rabbi once said: "Do not ask God for justice. He might give it to you."



Feeling for snow - and ice - surfaces in south London

Vicky Carlstrand puts her booted feet into British winters

Ten degrees in London, soggy underfoot, and I'm pinning for winter. Real winter, at -5°C with a sprinkling of snow on the ground - and ice. You can skate on that means and groans as it pushes up against the banks of the lake and then gives a sudden boom, like thunder. Ice so thick you can see the cracks stretching down for a metre or more. The sort of ice that Orlando, wrapped in sable, made love on, that my Viking ancestors skated on with blades of bone.

And where's the cold? The kind that freezes the hairs in the nose every time you breathe in. Here, there is just a creeping dampness seeping into the bones. Do you ever see snowflakes on your coat, individual and perfect? Or watch the frost caught in the air, sparkling like glitter on a Christmas tree? In London, it is grey and wet: grey sky, grey river, grey buildings.

I'm starting to wonder how Miss Smilla would have coped with living in south London, and I'm unsettled by reports from Stockholm that some brave souls have already been skating on lakes to the north.

I remember my last skate of the season: first battling against a vicious wind and then turning in

surrender and being blown like a yacht over the ice, the dog tumbling at my heels.

As a Scandinavian depression settles over the whole household, my husband decides that something must be done. To recreate a true winter we could turn off the central heating, don thermal underwear, and pretend. But, in a flash of inspiration, he realises that the better way is to skate along to Streatham Ice Rink for the Friday night disco. Reluctantly, I agree to go. How can an indoor rink ever be a substitute for the vast expanse of a lake or induce the same thrill as you set off, in line, the snow swirling at your feet?

The lights are low and the music thumping as we arrive. There is no longer an organ pumping out schmaltzy tunes but a DJ running through the hit parade. We lace our boots, our own boots. We are part of the elite tonight: we do not have to cope with hired boots that pinch and have blunt blades.

It's nearly 9pm and the rink is filling up. The dry ice is pumping out from above and, filtered through the flashing disco lights, nicely recreates the Northern Lights. The cold strikes up from below. It is not -4°C but healthily below the personal 10°C of outside. It feels good to me. But who

are these people spending the evening going round in circles balanced on two thin pieces of steel? Some of them are very good. I realise, as I look from behind the barrier.

I scoot out on to the ice past the few timid souls still glued to the side and make stately progress round the rink. A Sporty Spice

I'm unsettled by reports that some brave souls have already been skating on lakes to the north

look-alike whizzes past me, and then another, and another. An ultra-cool guy shows off in the corner with leaps, whiffs and impossible crossings of leg. His audience of youngsters comes and goes as they rush off to imitate and then return to gawp some more.

A group of young men are skating very fast, too fast for me. They seem like gods in their total con-

trol, dodging between us staidier mortals. I recognise the music as Aqua's "Barbie Girl". As though possessed, we all skate faster and faster in the same direction.

One of the gods speaks as he passes me. I turn to smile but he is far ahead, pony tail flapping, leaving his words to resonate through my head: "Bend your knees."

I realise that my ankles are beginning their customary ache during the first skate of the season and make my way to the side, remembering to bend. My husband is still out there, raising the average age on the ice by quite a few points, although there is another couple about our age, gratifyingly wobbly and clinging to each other.

I turn to one of the stewards and ask her why all these people come. "They just love skating," is her simple answer. Most of the kids can't afford lessons so they teach themselves and practise, practise. She plays ice hockey herself and uses her skills to earn extra money working at the rink.

An announcement is made that there will be a speed skating session open only to those with their own boots. I modestly step off the ice with the hired boot contingent and realise that husband has stayed on.

Fifteen or so set off, urged on by

the DJ, first forwards then backwards, then figures of eight.

At this point my husband joins me. The cool guy is out there, "pony tail", so worried about my knees, and all of us standing at the side, wish that we were good enough to join in.

As the speed skaters stop and we are allowed back on, I seize my chance to catch the cool guy and ask him how he got so good. To my chagrin, he explains that he's just taken up skating again after a few years' absence.

He first started 17 years ago and it became his passion. He's now back, with a new pair of boots and renewed enthusiasm. He never had lessons but pushed himself to try new things. Now he passes on his tips to the youngsters at the rink.

It's time for the last few turns. As we walk out past the dinner-jacketed attendants the warmth hits us. It was cold in there, a familiar cold that keeps you moving on, making no allowance for tiredness or small talk. Is this what made it such an innocent evening - no alcohol, no rowdy behaviour, not even a flirt? I feel exhausted and strangely exhilarated. It can't replace the frozen lakes of Sweden but I'll be back. And, I realise, I can come whenever I want, even when it's summer in London.

The curse of the Ayatollah continues to dog the author Salman Rushdie long after the death of the old man himself.

Not only is the hottest property in Anglo-Indian literature still compelled to live at secret addresses under British police protection. But now the first film adaptation of one of his novels has been sabotaged by a handful of Moslem MPs in a country, Sri Lanka, where Moslems are a very small minority.

Rushdie, the subject of an eight-year-old *fatwa* calling for his execution, said this week he regarded the latest development as a deeply personal insult. "I have been attacked purely on the basis of my existence," he protested.

Behind the latest chapter in the Rushdie saga is an issue far removed from that which prompted the infamous *fatwa* from the former Iranian leader. It concerns the political future of the Tamil minority in Sri Lanka, who have been fighting a secessionist war for the last 14 years.

All written up with nowhere to go

A Salman Rushdie novel is ready to be filmed - but Sri Lanka says no. Christian Tyler explains

Furthermore, the novel in question is not *The Satanic Verses*, which devout Moslems claimed was a blasphemy against The Prophet, but *Midnight's Children*, a story of Indian independence which has no controversial religious theme and is on open sale in south Asia.

Not even the prestige of the BBC in a former British colonial territory was enough to prevent the government of Sri Lanka last week revoking permission to film a serialisation of Rushdie's best-known novel and Booker Prize winner.

The government seems to have been pushed into reverse by protests from the few Moslem MPs inside the coalition.

These MPs reportedly also came under pressure from Iran. But a claim by the producer of the film that Sri Lanka's ambassador to Tehran had been called

in for a warning could not be confirmed.

A Sri Lankan government official sought to pin blame on The Guardian newspaper in London. In a report from Colombo on October 23, a Moslem MP was canvassed for his reaction to the BBC's plans, then at a sensitive stage.

The power of the Moslem MPs in Sri Lanka rests not on popular support - only 7 per cent of the 18m population is Moslem in an otherwise mainly Buddhist country - but on the weakness of the government itself.

With a parliamentary majority of only one seat, it needs the support of its small Moslem Alliance partner to ensure safe passage for a bill devolving powers to the regions - but ultimately designed to satisfy the Tamil rebels.

Even as the 55m BBC film was publicly being written off, how-

ever, discussions were going on behind the scenes this week which one participant said might lead to a reconsideration. A BBC producer met Sanath Gunatillake, the media representative of Sri

Other locations were being sought - but it would be difficult to find one

Lanka's president, Chandrika Kumaratunga.

The president herself had supported the application to film in Sri Lanka. The project was formally approved on October 13 by the foreign minister and the

National Film Corporation. They read the film script (also written by Rushdie) and found nothing in it to cause offence to foreign governments or domestic groups. Filming was due to start at the end of January and last for 14 weeks.

Newspapers and anti-censorship lobbies in Sri Lanka have protested at the government's decision. They point out that Sri Lanka's popularity as a location for foreign film-makers could be threatened. The island, profiting from India's reluctance to give permission when sensitive subjects are to be aired, has played host to such titles as *Gandhi*, *Indiana Jones*, *The Jungle Book*, and now a life of the late Mother Teresa.

Meanwhile, Rushdie described the decision as showing "phenomenal intolerance". Asked if, in the light of the latest trouble,

he regretted writing *Satanic Verses*, he replied: "No, I'm sorry I wrote it. I'm sorry about what is happening as a result of it. It seems I am now guilty in areas where nobody has even accused me."

Rushdie has received about £50,000 from the BBC for the film rights to *Midnight's Children* and another £30,000 for his film script. He will get a further £20,000 depending on how well the five-part serial sells - if it goes ahead. As big a loss would be the sales of a tie-in edition of the book, which tells the independence story through the eyes of children born between the hours of midnight and dawn on August 14 1947.

"This is a purely political thing," said Christopher Hall, the film's producer. "I suppose we feel sad and angry about it. *Midnight's Children* is on sale openly

in Sri Lanka and India, and I know that the president has read it herself. We have enormous support within the country."

He said India had turned the project down, without giving reasons, but was probably afraid of popular Moslem reaction.

Although other locations were being sought it would be difficult, if not impossible, to find one, since the film required not only Indian-looking people and urban landscapes but a backdrop of English colonial architecture.

However, the makers were aware of the sensitivity of the project from the outset and were calling the venture *Saleem's Story*, apparently hoping it would draw less attention to the name of its author.

Rushdie has been asked by the BBC to proffer other film scripts, but says he has no time at the moment. He is writing a novel, to be called - after a line from a 1960s pop song - "The Ground Beneath Her Feet". Was it also set in India?

"It's set all over," he said. "It starts in India, and goes west." In the literal sense, of course.

Handwritten note in Arabic script: "لا شيء من الاصول"

CHRISTMAS BOOKS

Ian Buruma

I enjoyed Susannah Clapp's affectionate memoir of Bruce Chatwin, *With Chatwin* (Cape, £15.99). She loved Chatwin well enough to be critical without wishing to pull him down. Chatwin remains with rare gems, which, on closer inspection might turn out to be stones – but what stones! Clapp explains the mechanics of Chatwin, the man and the writer, and brings him gloriously to life.

Sumit Khlani's *The Idea of India* (Hamish Hamilton, £17.99) is also a labour of critical love. Without actually describing India, as a travel writer would do, he makes India live through the ideas people have formed of it. Nehru's India, Le Corbusier's India, and Rajiv Gandhi's India. But it is also Khlani's India: an extraordinary state on the brink of chaos. What holds it together, Khlani's idea, as well as the country, is a humane, democratic, pluralistic vision of what India should be, and often is.

David Cannadine

Christmas is a marvellous time for visiting art galleries, and here are three books which are appropriate accompaniments for ambulatory or armchair viewing. If you go to the National Portrait Gallery, you must read Charles Saumarez Smith, *The National Portrait Gallery* (NPG, £25), in which its director selects more than 100 of its best portraits, and illuminates them with comments which are a model of wise, witty (and occasionally waspish) concision.

Travelling further afield? Geraldine Norman's *The Hermitage: The Biography of a Great Museum* (Jonathan Cape, £20), is an extraordinary history of one of the most enduring collections of the world, which survived Stalin's sales and Hitler's tanks, and reposes amidst echoes of imperial splendour and the realities of post-Communist dilapidation. And if you plan to stay at home, then buy at your peril Anita Brookner's *Soundings* (Harvill Press, £16.99), a sparkling collection of essays on (mostly French) artists and writers, which should stimulate anyone not inordinately incapacitated by festive indulgence (or Francophobia) to get up, go out, and look at pictures.

Richard Eyre

The Diving Bell and The Butterfly by Jean-Dominique Bauby (Fourth Estate, £9.99) was written by a man who, in his early forties, was almost entirely paralysed. Only his left eyelid could move, blinking to speak through an interpreter: once to say "yes", twice to say "no". This is not a sentimental, or sensational, or mawkish book: it is a beautifully wry and distilled memoir.



The FT's vital volumes

Critics and guest writers choose their books of the year, from biography to fiction, art to politics

remarkable and moving even without the knowledge of how it came to be written and of its author's death soon after publication.

The Pleasures of the Imagination (HarperCollins, £30) by John Brewer, about English culture in the 18th century and the making of the middle class, is a very finely turned and entertaining account of the struggles of the arts, poised between patronage and penury, to establish themselves in a form that we can easily recognise today. The arguments about audiences, readership, the market place, profit, copyright, elitism, populism, state funding and private funding all seemed strangely familiar.

Antonia Fraser

Max Egmont's *Under Two Flags: The Life of Major General Sir Edward Spears* (Weidenfeld & Nicolson, £25) gives a first impression of an urbane and civilised writer. In fact, although the

urbanity is all there, at any rate in the writing, the story that Egmont has to tell is dramatic and at times even bizarre. Here was a man, a brave soldier, an excellent writer, married to a best-selling novelist (while conducting a passionate affair with his secretary) who went from dealing with Clemenceau and Pétain in the first world war to Churchill and De Gaulle in the second, and ended his life in a dispute with Tiny Rowland over the Ashanti gold mines. Furthermore, since Spears was a pivotal figure in Anglo-French relations, I learnt more about this subject, painlessly, from this biography, than from many a specialist study.

When jesting Pilate asked, "What is Truth?" he notoriously did not stay for an answer, but Felipe Fernandez-Armesto has written exactly the book which could have been pressed into Pilate's hand: *Truth: A History and Guide for the Perplexed* (Bantam, £12.99). It is written with great zest and, even if it is nearly 2,000 years too late for Pilate, *Truth* would, I think, make an excellent Christmas present for pedants, liars, fantasists and other dear friends.

Nadine Gordimer

Le Lys et le Flamboyant by Henri Lopes (Editions du Seuil, FF130) is a fictional biography, set in the Congo, which proves to be a daring and intriguing autobiography.

Dissolution: The Crisis of Communism and The End of East Germany by Charles S. Maier (Princeton University Press, £29.95) is a superb, subtly intelligent politico-historical analysis of the roles of Gorbachev's Soviet Union, East Germany and West Germany (with the US pulling strings) in the demise of an era, juxtaposed with wider economic changes in the west.

Charles Handy

My two books of the year are radically different in form and content yet both have the same message at their heart – what is the meaning of existence? The first, *The Diving Bell and The Butterfly* by Jean-Dominique Bauby (Fourth Estate, £9.99), is a moving reflection on life and its oddities, written by a man incapacitated by a stroke and communicating only by blinking one eyelid.

The second, *The Living Company* by Arie de Geus (Harvard Business School Press, £24.95) is a recipe for corporate longevity written by the man widely credited for creating the concept of the learning company during his time with Shell, where he worked for 38 years. Both books forced me to give some thought to why we live and why we work and the answer seems to be the same

in both cases, that if life is but an economic project it will be neither long nor very fulfilling. When the stakes are down, those who live for others and have a purpose beyond themselves will find life more worthwhile.

David Hare

The second volume of Doris Lessing's memoirs, *Walking in the Shade* (HarperCollins, £20) belongs beside John Osborne's *A Better Class of Person* as the best writing we have about Britain in the 1960s. The effect of the book is extraordinarily pleasurable, as days of serious politics, passing love and lousy nutrition are perfectly evoked. Lessing, I think, would relish Peter Anson's *From Liverpool to Los Angeles* (Faber, £9.99), a polemic which drives a straight and serious track right through the wasteland of trendy cultural theory. Anson has a trenchant, humane and persuasive view of what the hell is now going on in British films, theatre and television. The best fiction? Undoubtedly, Deborah Eisenberg's *All Around Atlantis*, which I read in its American edition but which Granta Books will shortly publish here. Eisenberg is short-story writer with all the gifts of a great playwright. Matchlessly, she conveys the subtle unease of being American.

Peter Hennessy

My choices have been crated by two of the coolest practical intellects to have come out of Cambridge University in the 1950s – Sir Percy Cradock and Viscount Runciman. Cradock, a career diplomat who retired in 1992 as foreign affairs adviser to the prime minister and chairman of the joint intelligence committee, has in his *In Pursuit of British Interests: Reflections on Foreign Policy under Margaret Thatcher and John Major* (John Murray, £18.99), produced both the best account of the political and administrative ecology in No.10 under Mrs Thatcher and a highly realistic treatise on the difficulties encountered by a foreign great power failing to adjust to the European circumstances in which it so reluctantly found itself.

Runciman, both a top flight businessman and a sociologist, has produced a work of interpretation on the economy, society and policy of the UK whose insights and sophistication are matched only by its deeply unattractive title *A Treatise on Social Theory Volume III* (Cambridge University Press, £50). No serious scholar of 20th-century Britain can be without it, but given the print size, their eyes will pay a price for the illumination it offers.

Genista McIntosh

Out of Me by Fiona Shaw (Viking, £15.99) is my best read of the year. This raw account, full of contradictions and ambiguities, of a catastrophic post-natal breakdown, ought to be bleak but is exhilarating. Shaw's description of being unreachably in a country of terror and despair, but simultaneously able to observe and reflect upon her own condition, is stunning. Anyone who has had a child, or a depressive illness, or both, will find themselves somewhere in it.

The cooler, but no less impassioned, tone of Charles Handy's *The Hungry Spirit* (Hutchinson, £14.99) is the latest in his sequence of reflections on the relationship between commercial imperatives and social values. His style is personal, anecdotal and entirely jargon-free. His reference points are diverse and unexpected. He puzzles about problems we can all recognise, without claiming to have definitive answers. And he loves the theatre.

Ian McEwan

Useful protection against the millennial deluge to come is Stephen Jay Gould's *Questioning the Millennium* (Cape, £12.99), "a rationalist's guide to a precisely arbitrary countdown". The solar system does not know or care that we happen to calculate to the base of 10; Pontius Pilate died in 4 BC, so clearly the counting started too late; the hapless sixth-century monk who devised the BC/AD system did not have zero available to him as a functioning number – hence the irresolvable dispute, 2000 or 2001. However, Gould is delighted to concede that the looming event is significant because enough of us think it so. I liked Saul Bellow's *The Act* (Viking, £12.99). A life-long and barely fulfilled love affair is unfolded with beautiful economy; the novel has a wintry, valedictory air, and the cautious, tender reconciliation and proposal at the end is really very moving.

Caryl Phillips

In an age in which it is fashionable to try to discern clues about the author through the lines of his or her fiction, J. M. Coetzee has successfully neutralised such scrutiny in *Boyhood* (Secker & Warburg, £12.99). In this memoir of his early life, he utilises the third-person, which creates the effect of aloofness. Despite this formal device, Coetzee succeeds magnificently in his evocation of the deeply-divided and often dangerous South Africa that produced him. Coloured/Native; English/Afri-

kaner; Protestant/Catholic, he explicates these fissures in his fragile society, allowing us to see them through the eyes of a lonely, isolated boy.

Music has benefited most from African American creative genius in the 20th century, but *The Norton Anthology of African American Literature* edited by Henry Louis Gates Jr. and Nellie Y. McKay (Norton, £21) demonstrates that in the next century, literary endeavours may well take centre stage. The anthology begins with the 17th- and 18th-century literature of slavery and freedom, and ends with the tradition extending itself to embrace genres such as detective fiction (Walter Mosley) and science fiction (Samuel Delany). The inclusion of contemporary writers like Toni Morrison, Rita Dove, John Edgar Wideman and August Wilson would suggest that African American writing has never been stronger or a more vital part of the cultural map of the US.

Harold Pinter

So many ways to censor and oppress. The anthology *An Embarrassment of Thynges: 25 Years of Index on Censorship* (Gollancz, £20) covers the field, from blatant and brutal state terrorism to much more subtle but equally effective modes of operation in the "free world". It's an impressive collection, with outstanding contributions from Eduardo Galeano, Yasar Kemal, Julio Cortázar and a searing piece by Mumukshu Bhawan, fifteen years on Pennsylvania's death row.

Global Spin by Sharon Beder (Green Books, £10.95) examines the systematic stifling of independent critical thought by multinational corporations – in alliance with the media and government. Beder's analysis is comprehensive, steady and clinical. She lifts the lid on an elaborate tapestry of lies, deceit, intimidation and destruction. Mind you, the multinationals do possess some strong arguments. For instance, they contend that to destroy the environment is actually in the best interests of the environment. In other words, they're saving the environment from itself. If you follow.

Craig Raine

Tom Stoppard's play, *The Invention of Love* (Faber, £14.99), memorably marries Housman's passion for scholarship to his passion for Moses Jackson – particularly at the end of Act One, where Stoppard, in one of the most brilliant and moving scenes ever written, shows Housman parsing and translating an Horace Ode in class, swatting inferior scholars, brusquely teasing a female latecomer, attentively

tory, elegantly put, offering such insights into French art as are never to be found in the vulgar and distorted work of the politically correct. Here is a book that surveys with telling acuity the transitions from Watteau's melancholy Rococo to the icy wastes of Neo-Classicism, from the torrid Romanticism of Delacroix to the deliberate Decadence of the century's end, transitions watched by Voltaire and Winckelmann, Rousseau, Diderot and Baudelaire.

Gillian Riley's *A Feast for the Eyes* (Yale, £14.95) is a book of recipes with very loose art historical connections to the paintings in the National Gallery that illustrate the text. It is a jolly book, with anecdotes as well as recipes, and though Pontorno's constipation is omitted, I am glad to learn that in Corot's day prunes went well with rabbit. Without knowing it, I have for many years been potroasting poultry exactly as did Caravaggio for his "Supper at Emmaus", but baking a whole Edam cheese hollowed to hold prawns, more Dali than Van Dyck. I shall eschew Bachelors, said Aretino (poet, pornographer and Titian's friend) eat best – and so they will with this engaging book at hand instead of Mrs. Beeton.

Rose Tremain

In amongst the marvellous fiction coming out of America at the moment, Richard Ford, master of the long unflinching sentence in the manner of John Updike, is one of the best risen stars. The three novellas in *Women with Men* (Harvill, £14.99) explore the moment-by-moment altering states of the crisis-ridden heart. While Ford's men procrastinate and worry, his women take charge. Usually older, more knowing, their actions lead their husbands or lovers to a state of limbo, a kind of departure lounge to their future life, where they are alone at last with the plain truth.

Liza Picard's *Restoration London* (Weidenfeld, £20.00) is a beautifully produced reference work and I wish it had been around when I was travelling the 17th century for recipes, remedies and ribaldry for my novel, *Restoration*. Did you know that in the 1660s there were 10,000 small boats trafficking on the Thames between London Bridge and Windsor? Did you know that Christopher Wren redesigned the knitting frame? Do you know how to play gleek or make a patten? These and a thousand other questions you'd never thought of asking are answered in this entertaining historical hram tub.

All the books featured are available from the FT Bookshop, some at a special discount rate (see advert on Page VI).

Brian Sewell

No book has given me greater pleasure than Anita Brookner's *Soundings* (Harvill Press, £16.99), a collection of essays, lectures and reviews that, apart from the introductions of Berenson, the benighted Job and Doris Lessing, are refined art his-

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BOOKS

'Lives' for enlightenment

Jackie Wullschlager on the best biographies of 1997

DIsraeli advised, "Read no history, only biography, for that is life without theory". Loud and clear, the Victorian cult of heroes stands behind our current strong tradition of biography. You can see it in subjects across the centuries, from A.N. Wilson's life of St Paul to Andrew Morton's book about Princess Diana.

Yet today theory is exactly what makes biography our bestselling, most accessible form of history. A good biography tells two stories – the life, and why, in social and cultural context, that life is representative. At the end of the millennium, our obsession is with people who shaped the defining intellectual movements of our century.

Above most 19th and 20th century subjects, therefore, two figures loom like giant shadows: Freud and Darwin. So much of what we seek to understand about our own lives – doubt and unease, self-consciousness and the terror of change – comes from them, and it is somehow appropriate that two of the best biographies of 1997 focus on their disciples, men who spread the word through their own impressionable understanding of it.

My biography of the year is *Alfred C. Kinsey: A Public/Private Life*, by James Jones (Norton, £28). No post-war book overturned western social attitudes more dramatically than Kinsey's

1948 *Sexual Behaviour in the Human Male*, with its report that 37 per cent of US men had homosexual experiences, 60 per cent enjoyed oral sex and 45 per cent committed adultery. An instant bestseller across puritanical small-town America, the book deflated myths about morality, provoked changes in the legal system and assured, says Jones, that Americans could never look at each other with the same innocence again.

Its power came from its apparent neutrality: pages of scientific data and testimonies from Mr Average interviewees. Jones' revelation – so psychologically acute, so sensitively explained that we feel it was obvious all along – is that behind the mask of scientific researcher was a man with a past and with a mission. Kinsey, agonised by his own homosexuality, was consumed by the desire to revolutionise the sexual mores which tormented him. Convinced that biologists should be social engineers, determined to prove he was not a freak, he made science serve him: he preselected homosexual interviewees; played sex-and-power games with his staff; romanticised paedophiles.

As Saul Bellow said, "there's nothing like a shameful secret to fire a man up": this sympathetic account is a model exploration of how a private imagination fuels a public life, of the flawed thinking of a visionary. Unflinching, vital,

beautifully written, it is a literary masterpiece.

Huxley: Evolution's High Priest (Michael Joseph, £20) is part two of Adrian Desmond's life of "Darwin's bulldog". Desmond calls Thomas Huxley "the salesman of evolution, forging that modern godless universe, millions of years old, terrifying and awe-inspiring", that is our Victorian inheritance.

This is a Huxley for our times, symbol of middle-class ascent, who "made Social Darwinism the stern taskmaster to reconcile the workbench to capitalism... pointing the way to a Labour 20th century". It is also a vibrant, original portrait, superb on Huxley's intellectual life, moving on the cost of being a pioneer – the first professional scientist, coin of the word agnostic: "There was a flawed perfection to his messy life: the conquering heights, the prehistoric visions... the inward collapses and outward bravura".

Contemporaries called Huxley the "Apostle Paul of the new teaching". In *Paul: The Mind of the Apostle* (Sinclair Stevenson, £17.95), the apocalyptic vision, tied to an instinct for popularising, makes another story of a famous disciple enthralling. A.N. Wilson's Paul is "a richly imaginative religious genius... able to draw out a mythological and archetypal significance from the death of a Jewish hero". It is a quintessential 1990s interpretation, faith emerging from individual spiritual dilemma and sustained by art, not miracles: Paul is "the first of the great romantic poets, the man who made the crucified Jesus his inner light and so founded Christianity. I loved the bright, flowing backcloths here: newly-built Hellenized Jerusalem; the commercial centres Corinth and Ephesus; the world of roads and trade, superstition and political tension that roots this story of an emotional volcano in the concrete facts of history."

Biography, with its emphasis on the inner mind, the gap between private and public man, is a genre steeped in psychoanalytical thinking. Yet a great life of Freud eludes us, and Paul Ferris' *Dr Freud: A Life* (Sinclair Stevenson, £20) is another disappointment. In the introduction, Ferris shoots himself in the foot: "Freud is what you want him to be", he writes, with that maddening 1990s veneer of tolerance which is a cover-up for having no opinions. But biography without a passionate point-of-view is like bread without yeast: flat, uninspired, full of sipping comments ("He may have felt, as authors do, that he had written his heart



Harrowing domesticity: Jacqueline du Pré, revealed as a monster of egoism and destructiveness in her family's split-tell memoir

out"... "his unconscious had let him down again") which do not rise into a coherent picture.

"The complete sympathy of a complete detachment" was Hugh Kingsmill's biographical ideal. Suffused with wonder and enthusiasm, elegant, full of insight, the best literary lives of 1997 match this model: Claire Tomalin's *Jane Austen: A Life* (Viking, £20), Andrew Motion's *Ksais* (Faber, £20), Michael Holroyd's one-volume *Bernard Shaw* (Chatto, £25). Otherwise, lives of English writers are on the wane – subjects are simply running out. Instead, an explosion of interest in foreign writers – new lives of Camus, Simenon, Hugo, Chekhov – and a shift of focus to artists and composers. Outstanding are Jenny Uglow's panoramic *Hogarth: A Life and A World* (Faber, £25) – the star of the Whitbread shortlist – and the ravishingly illustrated *Stanley Spencer* (Yale, £25). Fiona McCarthy revolutionises our ideas about this very English artist, emphasising his landscapes, his politics and his

search for a new expressiveness of sex.

Twentieth-century figures, and an emphasis on the link between sex and creativity, dominate this year: Ian Gibson's sensational *The Shameful Life of Salvador Dalí* (Faber, £20); Frances Spalding's bed-hopping *Duncan Grant* (Chatto, £25); Jonathan Carr's *The Real Mahler* (Constable, £19.95): ailing composer tormented by glamorous wife.

Andrew Morton's *Diana: Her True Story in Her Own Words* (Michael O'Mara, £15.95) will of course sell more than all these put together. There is something distasteful about Morton boarding a plane to meet his publisher hours after Diana's death, which brings home what a peeping-Tom industry biography is. But the profusion of bestsellers about Princess Diana plumps, too, our need for iconography, for myths about beauty and goodness and damaged lives which embody our

own fantasies and fears. The parade of photographic records of Diana's life – *Diana: Princess of Wales: A Tribute in Photographs* (Michael O'Mara, £15.95), *Diana Remembered* (Macmillan, £14.99) – are modern reworkings of the Victorian heroic school of biography: sentimental, oddly attractive, in a cynical age, in their attempts to shape life as a fairy tale.

Many near-contemporary biographies attempt similar romances, but flop; weak story, schmaltzy tone, style plodding like ABC. I remain unenchanted by new lives of Julie Andrews, Ingrid Bergman, Clementine Churchill...

Then there are the shockers. Witch of the year is Kitty Kelley, for *The Royals* (Warner, £27), a poisonous, factless black fantasy of the House of Windsor: artificial insemination to produce Queen Elizabeth in 1926, a homosexual Prince Philip, substance-abusing young princes – though I could not help relishing the Queen Mother's memory of a dull

T.S. Eliot making her giggle with a poem called "The Desert". If this is America assaulting our national values – the libellous book is banned in the UK – our revenge is Duncan Campbell's *The Story of Caroline Beale* (Macmillan, £16.99), the girl arrested at JFK airport with a dead baby in her bag and mauled by the US courts: expect Louise Woodward's life in print before 1998 is many weeks old.

Split-tell tales mostly read like faded tabloids. But for harrowing domesticity, try the family memoir of Jacqueline du Pré: *A Genius in the Family* (Chatto, £16.99), revealing the cellist as a monster of egoism and destructiveness. Near-incestuous adultery in rural England, related by the surviving sister in twin-set and pearls, who let her husband leave her bed nightly to sleep with brilliant Jackie in the attic... it is like finding Freud's Vienna in our own back yard: unforgettable in its demonstration of how bizarre and various are human lives.



Jane Austen: subject of one of the best literary biographies

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FINANCIAL TIMES

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Women living dangerously

Joan Smith on a controversial year for fiction



Anne Michaels, who won both the Orange and Guardian prizes

It was a year in which women novelists won two of the big prizes, including the Booker, amid fierce debates about whether one of them, the previously unknown Indian author, Arundhati Roy, was derivative. It is too early yet to judge whether the women-only Orange prize for fiction is having an influence on other prize juries but this year's winner, the Canadian novelist Anne Michaels, best of strong competition to take the Guardian fiction prize only last month.

Two established novelists who did not publish books this year, Salman Rushdie and John Le Carré, got embroiled in a public slanging match, confirming the status of the author as celebrity. This category, into which only a select few are catapulted, guarantees that a writer's pronouncements will be scrutinised as closely as his or her books: in 1997, it happened to Arundhati Roy, whose first novel *The God of Small Things* (Faber) won the Booker. Roy is confident, articulate, and achieved maximum publicity for herself by declaring that she might never write another book – either a grand gesture, or a cunning wheeze to avoid that tricky second-novel problem.

But the hype surrounding Roy could not conceal the fact that her book got mixed reviews, with many readers finding her prose so over-written, the atmosphere of the novel so over-heated, that it was unbearable in anything but small doses. Roy undoubtedly benefited from the dullness of this year's Booker shortlist and the absence from it of fine novels such as *The Way I Found Her* (Sinclair-Stevenson) by Rose Tremain, and Ian McEwan's *Enduring Love* (Cape). Both books are about obsession, from very different perspectives, and

the deceptive simplicity of the writing diverts attention away from the skilful plotting and careful pacing which is the *sine qua non* of good fiction. Tremain's novel, narrated by a young English boy on his first trip to Paris, is especially memorable for the way in which an alternative, more complex narrative emerges between the lines of an adolescent fantasy about first love, kidnapping and sexual initiation.

Anne Michaels' extraordinary, poetic novel *Fugitive Pieces* (Bloomsbury) partly set in wartime Greece, did not receive the critical attention it deserved until it came from behind the field to win the Orange prize. Two other

novels from the same publisher, Mary Flanagan's *Adèle*, and *Marie*, a post-humously-published novel by the Belgian author Madeleine Bourdouxhe, approached the subject of female desire from thrillingly different directions, one clever and quirky, the other passionate and subversive.

Two of the best reads of the year fell in the category of genre fiction, which tends to get overlooked by prize juries. The title of Ruth Rendell's novel *Road Rage* cleverly reinterprets the fashionable phrase, applying it to the environmental campaigners who are furious about the damage done to the English countryside by

endless by-passes. The plot, in which a group of eco-terrorists seize hostages and threaten to kill them unless a road scheme is halted, demonstrates not just Rendell's ability to turn out clever detective novels but her sensitivity to contemporary events and politics. Tony Blair rewarded her with a seat in the House of Lords, where she joined her fellow crime-writer Lady James of Holland Park.

James's novel, *A Certain Justice*, conceals its sly modernity under a very traditional setting, the Inns of Court. In her customary elegant prose, P.D. James unravels the murder of a dislikable woman barrister, not long after her successful defence of a psychopathic young man accused of butchering his aunt in a boarded-up house on the A40. *A Certain Justice* presents two worlds, antiquated and contemporary, without making simple value judgments about either. James got respectful reviews but nothing like the column inches

devoted to Martin Amis, whose novella *Night Train* (Cape) was pure pastiche – an American detective novel, narrated by a female cop, which careered madly off course in an attempt to explain not just a mysterious death but life, the universe and everything.

A similar theme was handled in a much more sophisticated manner by the Turkish author Orhan Pamuk in *The New Life* (Faber). Translated into English two years after publication here of his tour de force, *The Black Book*, Pamuk's latest offering arrived trailing a reputation as the fastest-selling novel ever published in Turkey. Cool and intelligent, it is a novel about texts and how people read them, telling the story of a student who reads a book – we never find out which book – and discovers that his life has been transformed.

A genuine novel of ideas, *The New Life* demonstrates that fiction can be experimental, committed and engaging. This is a cheering conclusion in a year when the success of novels like *The God of Small Things*, and the furor over A.M. Homes's novel about paedophilia, *The End of Alice*, reveal a continuing fascination with showy fiction rather than quiet novels which have far more to say.

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COLLECTING

A record for Old Masters

Demand for 17th century Dutch and Flemish paintings is on the rise, says Antony Thornicroft

On Wednesday evening in London, Old Master paintings finally attracted some of the glamour and attention that has been concentrated for over a generation on Impressionist and modern art. More than 800 people crammed into Sotheby's Bond Street saleroom to see some fierce bidding for the 95 lots.

The auction achieved £28.7m, a record for a sale in this sector, and way above forecast. More to the point, at least 80 per cent of the paintings found buyers. The auction epitomised the state of the market, which is dominated by demand for 18th century views of Venice, and Dutch and Flemish 17th century paintings.

The highest price was the £5m paid for a pair of Venetian views by Canaletto. They were fine early works of the 1720s; in fact the last time they came under the hammer, at the previous market peak in 1990, they had sold for £6.5m, a record for the artist. But this week they were well within their estimate. Another pair of Venetian views by Canaletto, painted almost 20 years later, in a more precise manner, went for £3.85m, better than expected.

But the real stars were the northern artists. Record prices were paid for Salomon van Ruysdael (£2.3m); for

David Teniers, the Younger (£1.1m); Isaac van Oostade (£2.2m) and Pieter Brueghel, the Younger (£1.98m). The Ruysdael did particularly well, scoring above an estimate of around £800,000.

The auction had been heavily marketed but the enthusiasm of the bidding, most of it from European collectors, suggests that Sotheby's was preaching to the converted.

Christie's sale on Wednesday was equally solid, achieving £12.9m. A still life of a pie with fruit by the 17th century Dutch artist de Heem sold for £1.8m, at the low end of its estimate, but a pair of Venetian views by Carlevaris comfortably beat their forecast, selling at the same price. A Bellotto view of the countryside outside Milan almost doubled its forecast at £391,500.

This interest in Old Master paintings, which has been growing steadily for three or four years, is remarkable. In theory, there is a great deal wrong with Old Masters as a marketable commodity. The finest works of the greatest artists - Raphael, Leonardo, Botticelli, Velasquez - are safely locked away in museums, or princely collections, and will never become available.



The Giudecca canal and the church of the Gesuati, Venice, by Francesco Guardi

It is impossible, even if you are richer than Croesus, to acquire the masterworks. In addition, the subject matter of many paintings is beyond the comprehension of modern buyers, few of whom are familiar with the stories of Ovid or the Old Testament. Religious imagery, much of it morbid, is equally out of fashion, and portraits of forgotten

Old Masters is steady and international and there are constantly new collectors. In terms of value for money, they are almost unbeatable; you can buy an attractive work by a respected name that has been honoured for centuries, like Rubens or one of the Brueghel family, for around £500,000, the kind of sum which would secure a very second-rate Impressionist work, or a blob by a fashionable contemporary conceptualist. At Sotheby's on Wednesday, a grand portrait by Van Dyck of Prince Charles Louis made a very reasonable £71,500.

There is a long tradition of buying Old Masters, much of it European, with the rich of the north favouring 17th century Flemish art, especially genre and rural scenes and still lifes, while the French, the Swiss, and Mediterranean Europeans favour Venetian views, which are also collected by Americans - and from further afield.

The popularity of these two sectors, which have come to dominate the Old Master market, is rooted in the ready availability of works, and the fact that the artists either painted scenes

that suit a modern home, such as flower paintings or village vistas, or that are particularly decorative, like views of 18th century Venice.

Earlier Old Masters, who created paintings with gold leaf background, and the works by Spanish and German artists, are less common and less expensive. Italian and French paintings of the 17th century also seem undervalued.

As in most fine art sectors, there are few collectors for Old Masters priced over £1m - there might be a dozen serious inquiries for a really important work - but they are keen and spread around the world. There are even new British buyers: Sir Graham Kirkham, founder chairman of DFS Furniture, and the impresario Lord Lloyd-Webber have been prepared to invest millions in Old Masters in recent years. Lord Lloyd-Webber holds the record for a Canaletto, paying £10m for a view of Whitehall.

There is also constant museum buying, often through private transactions arranged by dealers or salerooms. Aristocratic British

families, who still own many undoubted masterpieces acquired on the Grand Tour, prefer a quiet sale. When Lord Gage sold a major Fra Bartolommeo to the Getty for £14m, it was done very quietly.

But it is a polarised business. The important paintings, which are being lured on to the market by the recent high prices, do well.

There is also considerable interest in decorative Old Masters priced below £10,000, and the regular auctions at Phillips and Christie's South Kensington give anyone with a good eye, and enough imagination to peer beyond the dirt and the damage, the chance to acquire a very presentable piece of art history for a four figure sum.

London also has a good array of Old Master dealers, who can offer the advice and after-sales service sometimes lacking in the saleroom.

But the middle market remains weak. You have a very wide choice of paintings if you are prepared to pay up to £50,000.

To make it a very good week for Sotheby's, which has had its problems recently, its auction of American paintings in New York on Wednesday also set a record total, of \$45.8m, with "In the garden, Corti", by John Singer Sargent selling for \$3.3m and "From the plains" by Georgia O'Keeffe for \$3.8m.

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ARTS

Soothing sounds of Araby

Despite the recent tragedy, Michael Church finds a thriving cultural celebration in Egypt

Egypt is a land in anguish: impoverished, stalked by fear, racked with remorse, terrified of ostracism. You feel it in the streets, you find it on every page of the newspapers. So it was no surprise to read a long and ecstatic review in Al-Ahram of a performance in Cairo last week by the London-based Out Of Joint theatre company. Its visit, said the paper, "was a wonderful gesture of friendship and support". The article was headlined "Great art and brave hearts".

Well, moderately brave hearts. Their visit was to have been one of the highlights of British Week - scheduled long before the Luxor massacre - but when the terrible news broke, the actors spent two days at Heathrow nervously debating whether they should go at all, with the result that their inaugural show had to be cancelled. A day later the Guildhall Strings - billed as British Week's other highlight - refused to board their plane. And eight of the 40 British universities due to bark their wares at an education fair pulled out. This was not British culture's finest hour.

Nor, to be frank, was the British jamboree at the Nile Hilton. The department of trade and industry had delegated the foyer display to a company who chose to present their country with the aid of red telephone boxes, London bobbies, killed Scotsmen, Beatrix Potter mice, horse-drawn carriages, and derelict mills. Watching this farago, I heard a British Council officer mutter despairingly, "Why can't they broadcast the message that we are alive?"

Because the British Council in Egypt - now 60 years on post - is very much alive. It may hang the drum in all the usual ways - teaching English, boosting British books, presenting British films and rock groups - but its cultural work goes to the heart of some of Egypt's key problems.

Most women in rural Egypt are illiterate: the council is devising a huge project to help remedy this. And next week it is holding a conference in Cairo entitled "Democracy and the Rule of Law" for academics and jurists from all over the

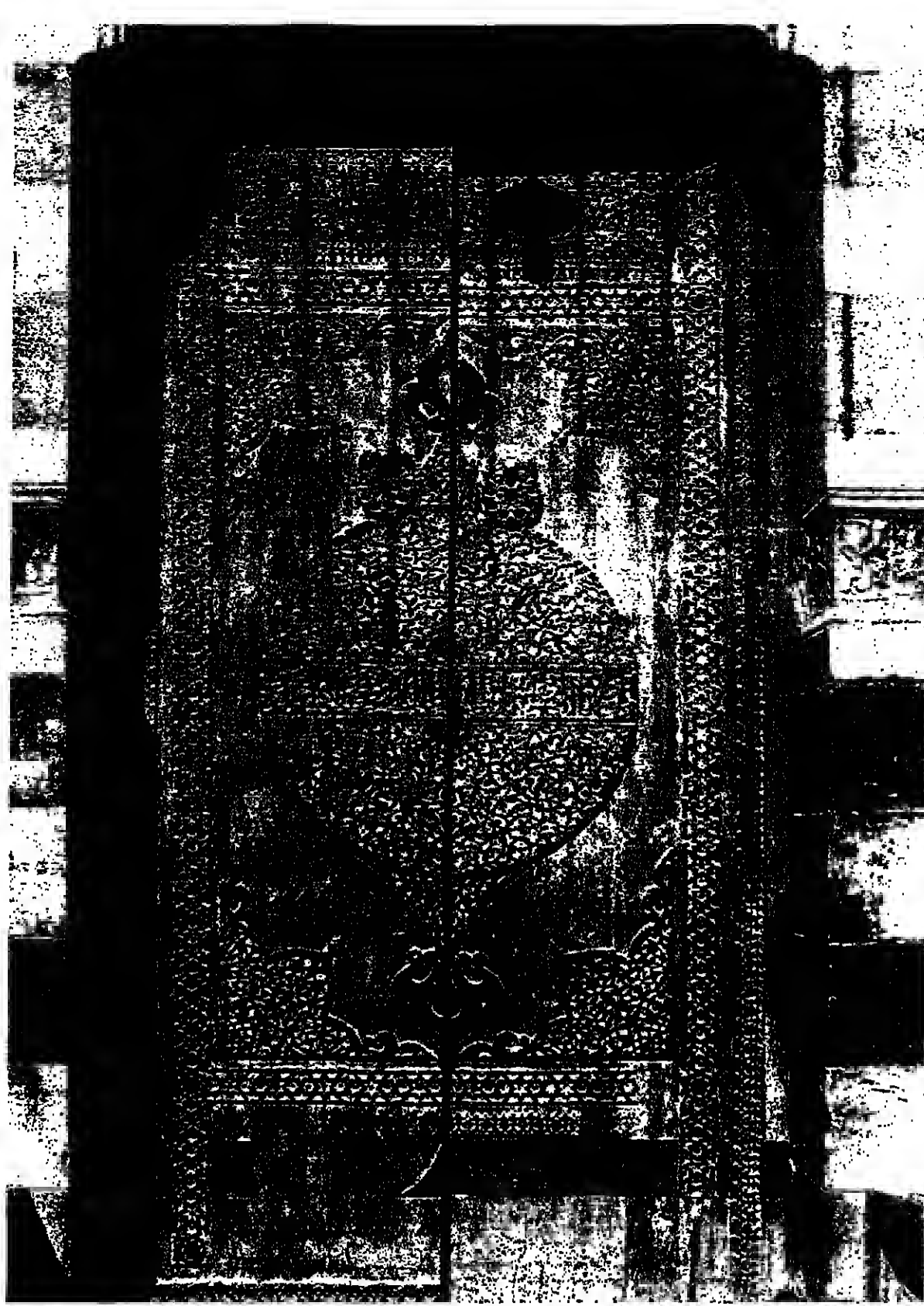
world. Ruth Addison, the convenor, is aware of the risks in the present climate, but is determined to have free speech. For all its faults, she says, Egypt is the only country in the Middle East where such a conference could be held. Next year the council's arts manager, Basma El Hussein, is planning a training programme for police officers with a special focus on human rights in interrogation procedures.

Another of El Hussein's projects - to be unveiled at the Amman theatre festival in March - is an internet website providing a directory of actors, musicians, and artists throughout the Arab world. "We all have the same problems," she says. "Our arts are almost all state controlled, which means that only artists with friends in high places get support and recognition. The website will give names and addresses for free. It's desperately needed."

I got a whiff of that desperation in Alexandria, where Out Of Joint had been scheduled to give their final performance. With an actor off sick (and no fall-back plan) the show was cancelled, leaving the British Council to apologise to the throng at the door. A visiting company is a rarity here, and many in that throng were local actors eager to improve their skills. One group of directors and designers had brought a detailed statement proposing future collaboration with their putative British mentors. This was a sad and shaming moment.

Since music is the art that travels best, it is appropriate that the council should regularly send young Egyptian musicians to study in Britain (a scheme currently suspended thanks to government cuts). These musicians, of course, play classical music in the western sense of the word: in Egypt the divide between occidental and oriental classical music is stark, and nowhere better exemplified than in the Conservatoire and the Arabic Music Institute, standing side by side in the shadow of the Pyramids.

The Conservatoire has its fair share of student talent (watch out for a remarkable young cellist called Mah-



The beautiful door to the el-Ashraf Barsbay Mosque in Cairo's main street. Made in 1423, its surface is ornamented with fine bronze open-work, fitted into an 'ablaq' frame. From 'Splendours of an Islamic World' by Henri and Anne Sierin (P. Tauris, £39.50)

moond Saleh). But its graduates have great difficulty in finding work, because Egypt's western classical audience is minute. I went to a concert by the London singing group, I Fagiolini, at the Cairo Opera House, and watched Purcell - beautifully sung - empty the hall. The Arabic Music Institute, on the other hand, is the brand leader for the Middle East: its graduates are in huge demand, with those working in the Gulf earning a fortune. I sat in on classes for the oudh, the nay (bamboo flute), and the kanun (oriental zither), and watched the beginners' orchestra go through its paces, generating that mournful sweetness which is the soul of orchestral music in Araby.

For this disjunction between the cultures, however, the ever-inventive El Hussein has devised a remedy: putting three classical Arabic musicians together with three Britons, she has induced a unique fusion, which goes by the name of Maqam. Sherif Mohieldin, who conducts the Cairo Opera House orchestra, says his dream is to programme concerts with exclusively Egyptian compositions.

In a dizzy week, the most inspiring thing I encountered was within the British Council's portals. I had seen the travelling puppet shows at Cairo's Saliya Zeinab fair; here I saw their equivalent, made and manipulated by children from Menya, a part of Upper Egypt which the press routinely brands as

a hotbed of terrorism. It is in this area, with support from the British Council and their Swiss counterparts, that the El Warsha theatre company has opened schools for puppetry, cartoon film-making, and the ancient art of stick-dancing. Hassan El Geraty, El Warsha's director, is motivated primarily by artistic goals, but he has an implicit political agenda. Over the past five years he has roped in aged maestros of near-forgotten folk arts and induced them to pass on their skills. In the hands of his company, which is due to perform at the Kennedy Center in April, these techniques produce wonderfully theatrical results. As a way of channeling the creativity of children who might otherwise

gravitate to crime, their value is immense. The Egyptian government does not take much interest in El Warsha's activities, and does not provide any funds. Nor does it support the Wissa Wassef weaving school, where children from one of Cairo's outlying mud villages create tapestries of extraordinary beauty and complexity. These days it's often said that Egypt is about to founder in religious fanaticism. That is rubbish: religious conservatism may have set in, but the real peril is anger born of poverty and powerlessness. Art is no panacea for political ills, but projects like these might just sow some seeds for peace. Mr Mubarak should take note.

Radio/Martin Hoyle

Look back at scandal

In a previous incarnation as a theatre critic a decade ago I never quite agreed with ecstatic colleagues about the virtues of the company known as Theatre de Complicite. Their efforts struck me as ingenious, painstaking, intelligent - and fatally imbued with the preciousness of their French mime training. In recent years their fame has grown, even inspiring a squeakingly adulatory tribune written in teenage boyish-sox tones in one of the "serious" papers that should know better, pointing out their alleged impact on every branch of British culture. Have you noticed it? I thought not.

All of which is an ungracious prelude to reporting the company's radio debut. Last Sunday Radio 3 presented a version of John Berger's *To the Wedding*, adapted by the author, Mark Wheatley and Simon McBurney, moving spirit behind Complicite. The company took to the medium like a duck to water, more precisely like wildfowl to the Po, the river that became the storyteller with the voice of McBurney, an ideal radio presence. In his own immensely distinguished production.

The plot of this modern *Blood Wedding* follows the separate journeys across Europe by a father and mother, long separated, to the marriage of their daughter, recently diagnosed as HIV positive. Regrets, longing, anger, love, resignation, hope - all formed a bitter-sweet kaleidoscope of past and present, expressed in marvellously radiophonic terms, and acted by such Complicite veterans who have gone on to tremendous success as Kathryn Hunter and Annabel Arden - great names, impeccable team performances. Complicite is welcome to return to radio whenever it likes, a triumphant plume in Radio 3's cap.

Sabbath solemnity has been lightened recently by Radio 5 Live's *The Politician*, the *Actress* and the *Bishop*, billed as "an exploration of the scandals industry". Matthew Parris presents this survey of the tabloids' way of homing in on ordinary people and how they (the people) cope. Parris is of course a professional Mr Nice Guy and the general effect is bland; one longs for a punchy interrogator with a few knockout blows to the press, publicists or indeed (in some cases) the allegedly ordinary people.

My favourite programme dealt with the ex-Tory MP Jerry Hayes and his alleged affair with a male researcher. "I was taken for a ride," exclaimed young Paul Hutterly with a slightly unfortunate choice of words. "I wouldn't like anyone else to be put in that position." He sold the story of the alleged affair for three years later to the *News of the World* for £30,000 - less twenty per cent to publicist Max Clifford (whom he looked up in a phone book in the public library). The newspaper spirited Paul away from his native Peterborough for a taste of life as a *peut-être* under guard ("I quite liked it") in the "lovely" Canizzaro Hotel, Wimbledon, taking him to cat in his trousers and to see Ervin.

Even in a world where careers may be shattered (pre-eminently, I think, by the high life, Paul lost his job and friends just as the MP subsequently lost his seat), everything seemed almost cynically amiable. Hayes reminisced about the good relationship he had always enjoyed with the *News of the World*. They in turn spoke of him with fond regret. Piers Morgan, editor of the *Mirror*, talked of informers with contempt ("the lowest of the low") but defended their use in the pursuit of "good" stories. The papers and Max Clifford seemed the only winners. And the public interest - of course.

War and Peace plods on in its disappointing way with lots of swishy sub-RSC acting, 1990s People's Grammar ("neither of us are"), and that ultimate radio drama illiteracy, the casting of many similar and sometimes indistinguishable names. Until recently confusion was worst confounded by the almost imbecillically unhelpful Radio Times printing a cast-list of two or three (sometimes minor) characters and listing the remaining players, up to 20 and including major characters, under "with...". The rationale behind this idiosyncrasy has given us the players of maids and butlers but not the principal characters lies in naming the first two or three voices in order of bearing. Thus, in the unlikely event of Radio 4 producing *Romeo and Juliet* as a farewell to serious drama before Controller "Spook" Boyle's hour time-limit takes effect, the cast-list would identify Chorus, Sampson, Gregory and Abram and lump the lovers, Nurse and Mercutio under "with..." It-starred indeed.

Television/Christopher Dunkley

Love in the air

The single play is not dead. It turns out that the law which said all television dramas had to be cinema/TV hybrids, adaptations from classic novels, or written as multi-part serials was a figment of the broadcasters' imagination. There are still people around who can write one-off dramas, and who have more than mindless escapism in mind, and BBC2 can prove it. Tomorrow evening the network screens the first of three 90-minute productions under the umbrella title *Love Bites*, the claim being that all three are "about the pleasures and pains of love and sex". Since that covers everything from *King Lear* to *Corry On Camp* it is best to forget the idea that these are somehow connected and simply watch them because each is well worth its 90 minutes.

Tomorrow's opener, *Bumping The Odds*, demands a pretty strong constitution from the viewer. It is the latest in a remarkable tradition of tough, even violent, modern urban television fiction

to come from Scotland. Those with a more than casual interest in this medium may remember *Shoot For The Sun, Juvie City* and other examples. *Bumping The Odds*, written by Roma Munro, who was responsible for the screenplay of *Ladybird, Ladybird*, may put you in mind of *Trainspotting*. It is a harrowing lower-decks story of life among single parents, drug addicts and loan sharks in Glasgow. Some may feel that for much of its duration it rubs the viewer's nose with unnecessary vigour in the sheer nastiness of this life and - apart from the undeniable excitement of some of the action sequences - offers little in the way of redeeming purpose.

And yet, as the plot begins to resolve, with the awful discovery of treachery

among friends and the hidden need to choose between bad and worse acts, you realise that - despite the contemporary trappings of washing machines and ice cream vans - this drama is largely concerned with the same matters that inspired Greek drama. Not family solidarity and the whim of the gods, perhaps, but the eternal tension between male and female, the struggle between sex drive and loyalty, and the seductive nature of power. Technically it is sometimes irritating. Presumably the trendy "letterboxing" of the picture indicates that this may be shown in cinemas, but the determination not to keep the camera level, not to keep the picture in focus, not to permit non-Glaswegians to penetrate some of the dialogue, including key pas-

sages vital to understanding the plot, is largely a question of fashion, and it does grate. Next week brings *In Your Dreams*, an account of one evening in the lives of two university students, Jamie and Clare. They go to a restaurant for a meal, then to a pub for a drink with friends, take a brief rest on a park bench where a kiss occurs, and then go on to a party where they drink a little, smoke a little pot, and dance.

It is the events after that, when he walks her home, and persuades her to allow him in for a coffee, that become the true subject of the drama. We realise this because producer Elinor Day and writer Ol Parker have used the unusual device of the flash forward, cut into the events

of the evening, to indicate that proceedings end in a court case. Jamie leaves Clare's flat to go home but is caught in a rain storm and returns. What then happens becomes the subject of a date-rap prosecution.

Apart from being a seemingly authentic picture of modern student life, *In Your Dreams* is also interesting because it uses a trick I do not remember seeing since John Hopkins' quartet *Talking To A Stranger*, also on BBC2, in 1966: we see the playwright's version of events, and Jamie's and Clare's, sometimes with a split screen so that the two can appear together. It is a vividly effective way of showing up the subjective nature of evidence, and thus the different views of this sort of incident.

The most entertaining of these three dramas is *The Perfect Blue*, by Nick Collins, who has a wonderful ear for dialogue and writes very funny lines. If he is not careful he will be sucked into sitcom, assuming that has not happened already. Here he tells one of those bitter-sweet stories that Hollywood used to do so well, about Tom and Sunny, a couple who had an affair years ago, decided they were incompatible, met again when each is about to marry someone else, and realise the attraction is as powerful as ever. As it happens Sunny (Imelda Staunton) is white, but this is wholly incidental and, happily, neither writer nor director (Kieron Walsh) ever wags a finger at us.

Given the quality of these productions it is hard to understand why BBC2 is limiting itself to three. Why not create "The Sunday Drama" and make another 49 a year?

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ARTS

Well, well. So the Turner Prize for 1997, and its £20,000, has gone to Gillian

Wearing, when everyone had thought, indeed was all but convinced it would go to Cornelia Parker, she of the preciously presented piles of miscellaneous waste, and the dangling bits of carbonised church. But then a surprise was always on the cards, or rather non-surprise, for in truth this year the short-list was narrower than ever in its scope, and the Turner is notorious for the favourite coming unstuck.

The prize is restricted to British artists under 50, and is given for "an outstanding exhibition or other presentation of their work" in the 12 months preceding the publication of the short-list, in this case May 30, 1997. So it is not even the work itself that is rewarded so generously, but rather the show, the event, the *mise en scène*. This rule suits the conceptual artist

and installationist very well, indeed could almost be so designed to exclude all else, for without a show there is for them no work at all, but only the project, the idea, the twinkle in the eye.

For all the particular differences between them, the four women who make up this year's list all conform very closely in this respect. They are none of them makers as such, their art-work, as we must learn to call it, consisting in nothing so chancey as to involve any laying-on of hands, but only the judicious selection, disposition and ordering of actions and material.

Gillian Wearing's citation tells us that she thus stands out for the sustained development of her work in this year as seen in 'The

Cauldron', at the Henry Moore Studio, Halifax; in 'Full House', at the Kunstmuseum, Wolfsburg; and most recently for her thought-provoking video '10-16' at the Chisenhale Gallery, London. "I like that 'thought-provoking'. Art, I mean art-work, these days has very much to be about making us think. It constantly asks us to 'confront issues' and certainly expects us to think about them correctly - women's issues, race issues, gender issues, the rewriting-of-history issues: all that sort of thing.

What Wearing does in fact is to play around, to superficially intriguing and entertaining effect, with the video camera. Why this should make her an artist, I mean art-worker, rather than a film-maker or

photographer is another matter. There is nothing wrong in principle with artists exploiting new devices and techniques as they become available, if appropriate to their purposes; but equally, there is no virtue in such experiment of itself that justifies the work as art. And some of us begin to grow tired of being told yet again how wonderful it is that young artists these days are working with new media and technologies, as though that alone makes what they do exciting, or even interesting. No doubt squeezing the paint onto the palette was no less exciting, when tubes of paint first came in.

The problem is that we have as yet no clear critical language or aesthetic for so much of the work that is being done in these

experimental areas. On the other hand, those that already exist for theatre, literature and cinema are more than adequate, if only we are honest enough to apply them.

Wearing tells us that 1970s fly-on-the-wall documentary television was for her a formative influence. And what a surprise it is that when we consider her work in just such terms, it suddenly begins to seem trivial, banal and obvious. Paul Watson's *The Family* was a serious and even dangerous departure from the old norms of television programme-making. Wearing, with her wox-pop interventions, is hardly so daring or ambitious.

She persuades passers-by to write their passing thoughts upon a placard and hold them up to the camera. She films herself dancing alone in a Peckham shopping centre, and we are supposed to be surprised that no one seems to take much notice. She films adults miming to children's voices, achieving an immediate frisson of incongruity soon dulled by repetition. A more recent wheeze, central to her current prize display at the Tate, sets up a group of policemen and women for a photograph and films them for a solid hour. My goodness, how they shift and yawn and scratch and stretch.

Using photographs and video she has collaborated with members of the public, young and old, to produce a body of

work that yields insights, both funny and disturbing, into the complexities of everyday life at the end of the 20th century... Using carefully-thought-out methods and strategies, she presents a kaleidoscopic view of human experience, its pleasure, pain and ambiguities.

So runs in part the apologia in the exhibition pamphlet, and indeed it would be interesting to learn quite what these insights are, and how we might profit by them. What does a well-dressed young man holding up a sign that says 'I'm desperate' tell us about our quotidian complexities? What do those fidgeting policemen demonstrate beyond the obvious, that it is jolly uncomfortable to sit still for five, let alone 60 minutes? So far as I can see, nothing at all.

The Turner Prize: The Tate Gallery, Millbank SW1, until January 18; sponsored by Channel 4.

This fly is on the wrong wall

William Packer reviews the work of Gillian Wearing, winner of the 1997 Turner Prize

A temple to ambient light and sound

John O'Mahony finds Brian Eno with a room of his own in a St Petersburg museum

Brian Eno yelps, "Did you see that?" at the crew of technical staff shuffling nervously around St Petersburg's Russian Museum. "She didn't wring the mop out in the bucket, not even once."

With less than 24 hours to go until the opening of his installation, "Lightness", in the museum's Marble Palace wing, many of the vast numbers of slides to be used in the show are still lying in an unruly, promiscuous heap on Eno's cluttered table. The seven projectors, which will eventually spew garbled coils of light onto a giant, diamond-shaped screen, are behaving erratically; and the three CD players, that should glide over one another to produce a constantly permutating soundscape, still need to be hooked up to the speakers. But Eno's thoughts are focused elsewhere: on the floor, the mop and the professional peccadilloes of a post-soviet cleaning-woman. "I mean, what is the point in just sluicing the water around the room like that? It makes no difference whatsoever. All it achieves, in true socialist fashion, is an even redistribution of the dust."

One would expect that Brian Eno might have grown accustomed to this sort of thing by now. The founder-member of Roxy Music, producer to David Bowie, Talking Heads and U2 and inventor of "ambient music", has spent a total of five months in St Petersburg since announcing last April that he and his family were relocating to Russia for an indefinite period.

Since then, he has moved almost exclusively in the city's grungy visual art circles - Eno's original ambitions to be a painter were derailed when met the other members of Roxy Music while studying at Winchester School of Art - popping up unannounced at exhibition openings, becoming involved with a new St Petersburg aesthetic-terrorist organisation called "Artistic Will", and going on an art expedition to a Crimean lunatic asylum. The familiar persona of producer, techno-boffin and all-round pop-visionary has evaporated and been replaced by "Brayan Ino painter" - the

while the choice of St Petersburg was influenced by his wife Anthea, an ardent Rosophile, the deciding factor for Eno was not the city's beautiful neo-classical architecture, nor the hazy, infinite climatic aberration known as "White Nights", but the protean nature of the cultural scene. "I felt a lot of strange potential here," he says, "it seemed to me like a place where every boundary was so fuzzy that anything could happen. It may be difficult to do simple things here - like the situation with the cleaning woman, or negotiating the customs - but often it is very easy to do complicated things. Activities that involve complex interactions of people, which would be impossible in London, seem to be relatively easy."

One case in point is Eno's installation, which in April was barely more than a



Pop-visionary Brian Eno pores over slides for 'Lightness', his installation on show in the Russian Museum's Marble Palace

vague, ill-defined and very distant possibility. After an offhand suggestion to members of the Russian Museum staff, he suddenly found himself in possession of a gigantic, neo-classical, newly-renovated chamber and a carte blanche invitation to do what he liked with it.

By the opening, he had completely transformed this extraordinary space, creating a system of screens and pillars at one end, dousing the surfaces with shards of colour and delicate shreds of light, and finally enveloping the whole thing in sound: soft liquid droplets of electronic music that seems to ooze from the speakers. A computer programme controls the slide projectors so that the same pattern never

repeats, and the three CD players all interact in different ways. The rest of the room is given over to the audience and darkness. The result is a rather like a temple dedicated to ambient light and sound. Eno describes it as "something between cinema, firework display, environmental music and installation."

More important to Eno than the installation itself or even its manifest success - at the premiere, young trendy Russians gazed at the curving shapes for hours on end - is the fact that "Lightness" is happening in the Russian Museum. While

he has mounted similar work at the Riverside Studios in London and at various venues throughout Europe, this is the first time he has crossed the threshold of such a renowned cultural landmark. It marks the fulfilment of everything that Eno set out to achieve in St Petersburg: "This place is the equivalent of the Tate Gallery," he whispers, almost in disbelief. "Well, they wouldn't put one of my shows in the Tate because I am a pop musician and I can't really be a *bona fide* part of that world. But they can put my work on here. This kind of distinction doesn't seem to bother the Russians, if they even think about it at all."

Now that "Lightness" is

up and running, Eno is making preparations to enter the fray again in London - revitalised and ready for some lengthy sessions in the recording studio. But much as Eno may have enjoyed his Russian sojourn, he adamantly insists that there is no prospect of a long-term move. "No, I wouldn't live here permanently," he says, "I doubt if I'll ever live permanently in any one place again. I find that I am very stimulated by dropping into other environments and picking up what is special about those. It invigorates me. It keeps me awake."

Brian Eno's "Lightness" runs at the Russian Museum's Marble Palace until December 15.

A tale of two cities

New Yorkers are incredulous at the operatic mess in the UK, reports Andrew Clark

Imagine you are a regular patron of the Metropolitan Opera in New York. On stage, you have an endless parade of the world's finest singers - many of them home-grown, as in Jonathan Miller's new production of *The Rake's Progress*. Front-of-house you are part of a "democratic" public which fills 4,000 seats, seven performances a week, from September to May. And whether you buy a \$200 ticket or a cheaper one, you cannot fail to notice that the Met is the best-dressed machine in the business.

The management seems to know exactly what it is doing. It recently announced a programme of new productions - not just for the 1998-9 season but for the next five years. It has signed a long-term contract with the world's most wanted conductor, Valery Gergiev. It has, also, commissioned three new operas, including one from Chinese-American composer Tan Dun. All that - and barely a cent of taxpayers' money. You don't even have to pay for your programme.

Contrast this with the mess in London, and it's hardly surprising New Yorkers should react with a certain amount of Schadenfreude. Sick of having to listen to British visitors' patronising comments about Met conservatism, they see the UK operatic system in a process - of self-destruction. Behind the smiles there's an air of incredulity; was it necessary to subject renowned institutions like the Royal Opera House and English National Opera to such chaos? And why should something enjoyed by hundreds of thousands be branded elitist, just because rich people like it too? Americans know political demagoguery when they see it, and they've spotted it 4,000 miles across the Pond.

Culture bulls in New York see London's opera crisis as a legacy - of the Reagan/Thatcher mentality and the havoc it wrought on the arts on both sides of the Atlantic. The Met's advantage is that state subsidy amounts to less than three per cent of the budget; if all was cut, it would be an inconvenience but not a tragedy. No one in the US is foolish enough to believe British opera companies can convert to a Met-type operation overnight. It needs favourable tax legislation and a long tradition of private support. What makes the UK interesting for Americans is that, despite the influence wielded by people like Vivian Duffield at Covent Garden, high culture does not generally bow to the taste of a few rich people, as it does in the US. The British mix of public/private support is seen as a paradigm of how to nurture the arts.

Viewing the Met through rose-tinted spectacles is easy but dangerous. Unlike opera houses in the UK, there is little room for experiment. When the Met's taste advances, it usually comes in the shape of tried artistic formulas from the Old World. This helps to explain why Jonathan Miller is so popular in New York. He has been working there regularly since the early 1980s, and looks set to continue doing so. His productions, often rehashes of previous efforts elsewhere, come with a veneer of intellectual

respectability, allowing the Met to blush less about its Zeffirelli excesses.

You would have thought Stravinsky's moral fable would tickle Miller's imagination - but no, it's back to the old routine of updating, a trick Miller always pulls when he can't think of anything else. *Trulove* is a 1930s squire in plus-fours, Anne a quiet blonde in pleated skirt. Nick Shadow looks like an upmarket undertaker, while Tom could pass as a Wall Street speculator. Peter Davison's postmodern sets conjure a cloudless blue horizon in the opening scene, a series of lonely Edward Hopper cityscapes for Tom's adventures and a stuffed shark as centrepiece for the auction. The brothel is a feeble imitation of a George Grosz cartoon, while the finale finds Miller in medical mode, choreographing the ties and twitches of a modern madhouse.

Sick of comments about Met conservatism, Americans see UK opera in a process of self-destruct

The result is mildly entertaining. But by denying the work's 18th-century conventions and drawing it closer to our own, Miller neuters its wit, irony and sophistication, not to mention its moralising purpose. The most glaring gap in the production's logic is Baba the Turk. Where does she fit into this, vaguely 20th-century milieu? Why does she go to sleep? Why is she being auctioned? Miller doesn't seem to know. With the result that the auction scene, the most characteristic of the whole opera, is a non-event.

On the plus side, Miller discovers real characters behind Stravinsky's archetypes. With the exception of a hopelessly overacted Sellem, the vocabulary of glance and gesture is illuminating.

Samuel Ramay's Nick is far more dangerous than his previous attempts at this part (and just as crisply sung), because Miller makes him so plausible. David Upshaw's Anne also benefits far from being the stereotyped American sweet heart, she radiates vocal and moral purity, no more affecting than in "I go to him". Jerry Hadley has probably played Tom once too often - the tone is now uncomfortably strident - but he knows how to impersonate the ne'er-do-well, and his Act 1 lament held the audience spellbound. Denyce Graves, a singer who goes from strength to strength, is the sumptuous, sexy Baba, and David Pittsinger makes a sincere Trulove.

Stravinsky is not really James Levine's forte, and it shows. The sound is too plush, the tempos too slow, and the amplified harpsichord doesn't help. Even so, the Met orchestra seems incapable of turning in a dull performance - one more reason for exchanging London's operatic blues for a night at the Met.

Stylish

Karen Wheeler says

ESSENCE ON THE

ESSENCE ON THE

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How to Spend It



From left:
■ The joy of Dries Van Noten is that his eclectic, decorative clothing is made to mix and match and blends well with other designer pieces. Print skirt, £330 by Dries Van Noten, and red wraparound sweater, £150 by Etro, both from Browns 23 South Molton Street, London W1, tel: 0171-491 7833.

■ Devoré silk chiffon print dress with spaghetti straps and slip underdress, £1,495 by Basia Zarzycka, 135 Kings Road, London SW3, tel: 0171-351 7278. This dress might seem extravagant but is irresistible. The young and streamlined could wear it on its own - but teamed with the sort of long, plain black jacket that most women

have in their wardrobes, it becomes practical and wearable.
■ Both Toccoa and Keita Maruyama specialise in pieces that can be bought to add zest to items already in the wardrobe, such as this lilac print skirt, £170 by Toccoa and embroidered purple sweater by Keita Maruyama, £135 - both from Tokio, 308 Brompton Road, London SW3,

tel: 0171-823 7310.
■ Delphine Wilson, and Martin Kidman specialise in interesting pieces of knitwear that can be used to make an otherwise simple outfit look very individual - for example, this purple cobweb knit cardigan, £349 by Delphine Wilson from Harrods, Knightsbridge, London SW1, tel: 0171-730 1234.

■ Silver printed evening coat with fur trim, £650 by Scapa from Browns, (as before). This opulent evening coat reflects the trend for luxurious items of clothing perfectly.
■ Elspeth Gibson specialises in beautiful evening pieces - dress, jackets and skirts in decorative fabrics, such as this black sheer beaded skirt, £219 by Elspeth Gibson

from Harrods (as before), and A La Mode, 36 Hans Crescent, London SW1, tel: 0171-584 2133.
■ This luxurious little grey opera jacket would transform any long plain black dress - £480 by Elspeth Gibson from Liberty, Regent Street, London W1; and A La Mode (as before).
Illustration: Jason Brooks

Fashion

Stylish women are going to pieces

Karen Wheeler says the branded look is on the way out, and mixing and matching is in. She offers some tips on the best of the bits

Fashion, dedicated watchers will have observed, is now all about pieces - individual, beautiful and not necessarily strictly practical.

Pieces have replaced the trendy label as the way in which the fashion cognoscenti define themselves. Few truly stylish women now wish to dress head-to-toe in one instantly recognisable brand.

Instead, they prefer to adopt a magpie approach to fashion - a cardigan from one designer, a wonderfully cut pair of trousers from

another. They might buy a stunning sequined chiffon evening skirt by Elspeth Gibson and wear it with a plain black jacket that they already own.

Even the most purist of designers such as Giorgio Armani are astute enough to realise that women buy clothes to mix in with other items in their wardrobe and the art of dressing now is about looking individual.

The result is that designers and retailers are increasingly putting the emphasis on pieces - delicious stand-alone items, rather than ruthlessly co-ordinated,

matching skirt and jacket ensembles.

Whether it is a striped cashmere twinset from Lucien Pellat-Finot, an absolutely irresistible devoré chiffon dress by Basia Zarzycka or a little lacy cardigan from Colette Dinigan, the most tempting buys at the moment are items of clothing that you probably do not need, yet somehow can't stop yourself from buying.

Joan Burstein, owner of Browns in South Molton Street, London, says that she is "increasingly stocking lovely little pieces that

enhance and stimulate an existing wardrobe. Women who have spent a lot of money on a Jill Sander suit, for example, want to get mileage out of it and that means adding something attractive - such as a marvellous scarf or Pashmina shawl or maybe a Dosa shirt underneath - that makes them forget that they have had that suit for several seasons."

Significantly, the designer labels generating the biggest buzz at the moment are those specialising in divine, one-off items. Clements Ribeiro, Dries Van Noten, Elspeth Gibson, Stella McCartney for Chloe, are all designers specialising in treasurable clothes that, at the same time, will blend in with more staple pieces.

Joan Burstein also names Sonia Rykiel as the ultimate "piece" designer. "She is often overlooked but does wonderful pieces - such as this season's marabou-trimmed jacket, which was a sell-out."

In addition to Browns,

shops such as A La Mode in Knightsbridge and Tokio, a small one-off shop in fashionable Brompton Cross, are the ultimate places in London for buying "pieces".

Tokio stocks unusual but stunning items by Clements Ribeiro, Martin Kidman - the ex-Joseph knitwear designer who makes little cardigans in delicious colours with an artisanal feel - Toccoa, Elspeth Gibson and Keita Maruyama, a Japanese designer who makes delicately embroidered cardigans.

Manami Stoley, Tokio's owner, deliberately breaks the collections up on the rails, stocking clothes by colour, or in groups that will work together, rather than by designer name. "I don't think that people buy into a head-to-toe designer look any more. The reality is that most people mix and match their clothes, which is very much the philosophy of the shop," she says.

Josephina Turner, co-owner of A La Mode has also always subscribed to this

philosophy. "Fashion has become a lot more decorative and more recently but we have always bought collections in a different way from other stores, focusing on the very special pieces which are wonderful because of colour, decorative trim or beading."

The truth is we might still occasionally need a two-piece suit for the office. But the cleverest designers and retailers have realised

that it is pieces that catch the eye and make the pulse race, that leap most easily from the shop rail and into one's wardrobe.

It is also worth remembering that these are exactly the sorts of pieces that could have been designed with Christmas in mind - no need to think in terms of complete outfits. What woman would not be thrilled to wake up on the morning and find a Cath-

ryn Avison scarf, a cobwebby cardigan, a luscious wrap beneath the tree?

Most of the pieces sketched here would work well with most women's wardrobes - they would not be suitable for every occasion but for the special occasion, the evening out, to give new life to a dull working suit; all of these could earn their hefty price-tags many times over.

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HOW TO SPEND IT

Jewellery

Back to the glitter of the real thing

Put aside the fakes, says Lucia van der Post, this winter it is pavé diamonds and the glint of gold

Strange to think that just a few years ago real jewellery seemed on the way out. It wasn't just the makers of costume or faux jewellery who gloried in the fakiness - even the purveyors of real jewellery were often busy trying to make it look false. "So much more fun," they cried, as they piled on the cubic zirconium, the glass and the metal. Those who had real jewels to wear found it was frequently mistaken for a very clever buy from Butler & Wilson.

This winter, quiet luxe is back. Better real and small, seems to be the motto, than big and false - though few would say no to big and real. Real jewellery, it seems, is making a comeback. In fashionable London circles, even very young girls are sporting little crosses or stars of pavé diamonds and platinum or gold. Diamonds glitter at the earlobe - small but indubitably real.

If her tastes run to the traditionally glitzy, if she loves designer suits and lunching at The Caprice, then make her happy with one of Chanel's white gold star designs set with diamonds. You could get her some small star stud earrings for £1,690, or a small star pendant on a fine white gold chain for £1,770 (larger sizes available and very welcome, too). Available from Chanel's jewellery shop at 173 New Bond Street, London W1.

For eminently wearable jewellery that is real and has a touch of class about it, it's hard to beat Kiki McDonough. She has the knack of coming up with designs that can go happily from the school-run in the morning to a posh dinner party in the evening.

Perpetual best-sellers are her 18-carat gold earrings for every day, priced from £295 to £385. Almost any of the designs would go down a

Sarginson uses pearls in pinks and greys as well as traditional creamy white

bundle with any career woman. For something with more panache, which makes a bolder statement, there are her great twisted and looped strings of semi-precious stones - amethysts, iolite, citrines, tourmalines - at less than £1,000 a time. There is a mail order brochure but it's best to visit the shop at 77c Walton Street, London SW3, tel: 0171-581 1777.

More wearable jewellery, the sort of classic pieces that every chic wardrobe needs, can be found at Annabel Jones, 52 Beauchamp Place, London SW3 1NY - gold chains, three gold rings, ear-

rings and bracelets, elegant diamond and pearl drop earrings, as well as this year's favourite, the pavé-cut diamond cross.

For seriously pretty earrings, Louise Sinclair does a combination of aquamarine and South Sea pearl for £2,900 - find her at 160 Walton Street, London SW3.

Jane Sarginson uses freshwater pearls, South Sea pearls and unusual shapes and colours - pinks and greys as well as the traditional creamy whites - often set with coloured stones to bring out the colours of the pearls for necklaces, earrings and brooches combined with textured 18-carat gold.

Sarginson will make anything to order and her prices start at £900 for earrings, £2,000 for a necklace. Her work can sometimes be found at Garrard's in Regent Street, London W1 and sometimes in Hamilton & Inches, George Street, Edinburgh. Otherwise, for special orders contact her on 0171-607 9385.

Gobs of big rings are still in vogue - they are elegantly done at Marina B, 174 New Bond Street, London W1 (prices around £1,100). Cheaper ones (under £100 but still with semi-precious stones) can be found at Debenhams stores. Paste jewellery is, strictly speaking, fake jewellery but in the past few years it has become so collectable you could be forgiven for thinking it was as valuable as

gold-dust. HRW Antiques has collected together a mouth-watering selection in the Antique Department on the 4th floor of Fortnum & Mason, Piccadilly, London W1. There are "diamond" and "sapphire" clips, brooches, bracelets and necklaces - in faux emeralds, diamonds, sapphires and rubies, almost all very wearable and at reasonable prices, with plenty to buy at less than £300.

For really original, one-off pieces, Susan Lennox has taken a collection of 18th- and early 19th-century Chinese kingfisher feather hair ornaments and incorporated them into stunning pendants, brooches and necklaces. These are not pieces for wearing with an everyday working suit, being dramatic and unusual, but they fit in perfectly with today's mood for Chinese-influenced embroideries and clothing. Prices start at about £600 for a brooch; something as intricate as the coral and antique kingfisher feather ornaments photographed here is about £4,000. Each piece is unique and a selection can be found at Anouska Hempel, 2 Pond Place, London SW3 and Ben Janssens, 2 Ryder Street, London W1.

On December 15, Sotheby's is holding an evening sale of small precious items, many of which would make terrific presents. Estimated prices start at £50, but anybody with slightly more to spend - say up to £500 - should have lots to choose from.

A row of cultured pearls with an amethyst and half-pearl clasp is estimated to go for between £200 and £250, an amazing aquamarine and diamond ring for between £250 and £300 and an emerald and diamond bar brooch for between £400 and £600.

The sale seems particularly good for those looking for rings but there are small objects as well. Sotheby's is at 34-36 New Bond Street, London W1A 2AA; a catalogue is available for £5 from catalogue subscriptions (0171-314 4444), while viewing is possible on Friday December 12 (9am to 4.30pm), Sunday 14 (noon to 4pm) and Monday 15 (9am to 6pm).

And if all these prices seem beyond you, there is some good news - quite the most cultish, most sought-after accessory of the moment is the bracelet made from guitar strings being sold at £28 in Summerill & Bishop at 100 Portland Road, London W11 1LE. A whole mass of them come packed into a very neat little tin (which could fit most handily into a stocking) and, of course, it is absolutely essential that you wear them all at the same time. Buy them by post for an extra £4.

From top:
 □ Art Deco aquamarine and diamond brooch (c.1920), £900, from Hamilton & Inches, 87 George Street, Edinburgh EH2 3EY.
 □ Antique Chinese kingfisher and coral necklace, £4,000, from Ben Janssens, 2 Ryder Street, London W1.
 □ Tanzanite and diamond ring, £3,500; blue topaz ring, £850; ring with peridot and blue topaz, £895; all

from Kiki McDonough, 77c Walton Street, London SW3 2HT.
 □ Leo De Vroomen's ravishing necklace of cabochon tourmalines in shades of green and amber mixed with South Sea pearls, £41,250, from Harrods' fine jewellery hall.
 □ Jane Sarginson's pearl jewellery using freshwater pearls, South Sea pearls and coloured stones (mostly sapphires and rubies). Prices start at £800 for earrings, £2,000 for a

necklace. To order, telephone 0171-607 9385.
 □ 1930s circular dress clip in lapis lazuli with a garland of paste with a bow, £115; 1940s large double-clip paste brooch set in silver with two high-mounted rhinestones, £255; early 20th century graduated oval faux amethyst bracelet set in silver, c.1910, £165; all from HRW Antiques at Fortnum & Mason, Piccadilly, London W1.

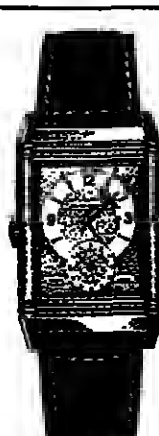
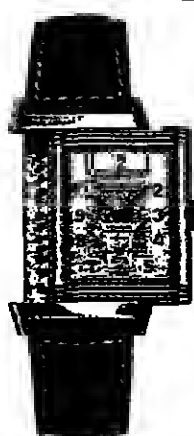
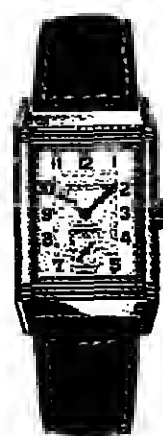


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HOW TO SPEND IT



Preparing for the ball: nowhere does high society meet high fashion in such sumptuous surroundings as at the annual Crillon Haute Couture Ball

Fashion of higher society

Nicholas Woodsworth meets the debutantes before the great Parisian ball

There are two popular subjects that as an adult male I make assiduous attempts to steer clear of. One is high fashion, the other is high society. What Kate Moss wears in the Milan spring collections, or which of her bodyguards Stephanie de Monaco is consorting with, I tell myself, is no concern of mine.

And yet, quite unaccountably, I always fall the waiting-room test. When confronted at the doctor's or dentist's with piles of publications on motor cars, yachting and other manly topics, I invariably go for the glossy magazines instead; there, I gorge myself on royal gossip and the spectacle of improbably long limbs encased in costly and diaphanous materials. Such things are enough to make going to the dentist's a secret pleasure.

It was with some hesitation, then, that I finally came out of the closet last weekend and checked into the Hotel de Crillon in Paris. For here, assembled under one roof, were 24 gorgeous young women of impeccable social lineage about to model the work of 24 of the world's most prestigious fashion designers. Attended by *le tout Paris*, dining and dancing were to follow. Nowhere does high society meet high fashion in such sumptuous surroundings as at the annual Crillon Haute Couture Ball or, as it is more popularly known in France, *Le Bal des Débutantes*.

Debutantes' balls are, of course, British institutions, evolved long ago as a means of introducing well-born women into society and procuring the best possible marriage. That such a practice has survived in the UK —

albeit a shadow of its former self — is remarkable.

But at least it has some historical justification — Britain, for the time being anyway, remains a kingdom. That a deb's ball exists across the Channel, in a place where aristocratic heads were parted from aristocratic bodies 200 years ago, is more remarkable still.

What about the Terror? What about the sacred republican values of *liberté, égalité, fraternité*, I asked myself as I lay deep in a bubble bath at the Crillon studying the list of debutantes and their *cousins*, or *escorts*. Kildine de Sambucy de Sargue... Hugo d'Apremont de Blanzay... Dephine de Montmarin... Cedrick Moriggi de Montmolin — the names were as rich and lustrous as the clothes they would be wearing.

But here was no terror as later, dinner-jacketed, I descended the Crillon's broad marble steps to the temporary make-up and dressing rooms established behind the hotel's Cour d'Honneur. What I found in its place, though, was a good deal of pre-ball nerves.

It is no easy job getting even the coolest and most hard-nosed of professional models ready for a haute couture fashion show. Preparing 24 butterfly-stomached young ladies of gentle birth is harder still. But here, in a great confusion of blow-dryers and hair clips and lacquer spray, of mascara and eyeliner and mirrors, of anxious young women in fluffy white robes submitting to a dozen different ministrations, three young debutantes already dressed in their haute couture outfits found time to chat with me.

Cordelia de Castellane, Charlotte-Amelie Daehn and Margot Poniatowski are friends — they all live in the chic 16th *arrondissement* of Paris, they all go to a private lycée, and they all belong to the Rallye Bourbon Busset. *Rallies* are to *la bonne société* of Paris what youth clubs are to more ordinary folk. Bridge playing, country walks and social get-togethers with young men are all fine things, they told me. But nothing they *really* had to offer beat a *grande soirée* like this.

Were they looking for husbands at this evening's ball? I asked. They glanced at each other and broke into a storm of laughter. Of course they were not looking for husbands, they said, as if I had come from another planet. This was 1997. They were looking for fun.

But elegant fun, nonetheless. Cordelia de Castellane, dressed in a strapless silk taffeta gown of beige and pastel checks, said she was not new to haute couture — she had worn another gown, also by Ungaro, at the wedding of her sister to Prince Pierre d'Arenburg at Versailles. Perhaps I had read of it, she politely inquired. Not having been to the dentist for some time, I was forced to admit I had not.

No matter, she said. The great challenge for her, as it was for all the girls at the ball, was to fit into haute couture gowns designed for professional models. And, indeed, from close quarters, surrounded by 24 females in various states of *déshabillé*, I could see that to take part in the Crillon ball, it is not enough to be well-connected.

You need to be well-shaped and as tall, light and leggy as those ephemeral creatures that stride the catwalks for a living. In short, you have to have it all.

Margot Poniatowski is only 16 and still has the face of a child, but in her red tulle, ruby-sequined gown by Jean-Louis Scherrer, she had it all. Charlotte-Amelie Daehn is also 16, but in Dominique Siro's sleek black long crêpe skirt, with exposed midriff and embroidered broken mirror top, she most definitely had it all. Although she was still a little uncertain on her high heels, she felt like a princess for a night, she told me.

And what of the real Princess, Tamara Czartoryski-Borbon? I found blonde-haired Princess Tamara, whose grandmother is the aunt of Juan Carlos of Spain, sitting rather delicately on the edge of her seat and breathing shallowly. She loved her Vivienne Westwood robe, she said, flouting the silk tulle leopard-print dress that flowed voluminously from her corseted waist. The only constraint, she said, was the corset itself — it had taken three people to draw its laces tight. Never mind, she said stoically. For Ms Westwood, she was prepared to make any sacrifice.

The day drew in. Debs smoked cigarettes with practised gestures, sipped the Crillon's superb hot chocolate from thin china, practised one-two-three, one-two-three waltzes about the floor, and waited nervously for their *cousins* and magic hour to arrive.

Which they duly did. Out in the main reception hall, a brilliant expanse of mirrors and crystal chandeliers and polished marble, some 300 arriving guests were formally announced. Trays of champagne circulated. Chantal de France, daughter of the Comte de Paris, pretender to the French throne, was greeted by a barrage of camera flashes. Preliminaries over, the guests seated, the parade of deb's began.

Don't take the Mickey

Holly Finn visits San Francisco's Mouse Couture II

Picture Audrey Hepburn having Breakfast at Tiffany's, back to the camera in the night before's still-perfect black dress.

Now picture her two inches tall. The dress is the same, but she has morphed into a furry toy mouse.

You're not playing parlour games, Kafka, you're getting a glimpse of the display cases, donated by Tiffany, at *Helpers Homes Bazaar* in San Francisco. They are now showing *Mouse Couture II*, definitive proof that style has nothing to do with size or species.

The theme this year is Audrey Hepburn. The tiny mice are dressed in mini-versions of Holly Golightly's tuxedo shirt and eye-lash curling night mask, in the high-brimmed hat with alligator shoes and purse she wore to visit Sally Tomato; in *Funny Face*'s red Italian silk satin gown and the white shantung pants suit with double-ribbed sash hat she wore fishing. Givenchy never looked so good or came so cheap: \$500 for each outfit (mouse included).

These well-dressed critters are wacky, and worth it. Inspired by Joy Bianchi, who has run *Helpers Homes Bazaar* for nearly 30 years, they were hand-sewn by the seven mentally retarded residents she helps care for at their nearby home.

"We used to make octopus-out-of-yarn dolls, that sort of thing," says Bianchi. But four years ago, she had an altruistic revelation in the most unlikely spot: 57th Street and Fifth Avenue in Manhattan.

Just outside Tiffany, she thought, "People are afraid of mice and people are afraid of the mentally retarded." Her mission: "Have the designers dress the mice." And she did.

Apart from this year's Givenchy mice, there is a growing permanent collection of mice dressed by everyone from Bill Blass to

Vera Wang. Wearing a Christmas tree ornaments, which range from Ludwig Bemelmans' "Madeleine" in her red hat (\$14.95), to "Jo" from *Little Women* (\$35.93), to "Marlene Dietrich" in a black double organza skirt, swish black feathered hat and diamond ring (\$250).

The second day I visited, a couple from Denver was in the shop on their annual pilgrimage, buying "Princess Diane" this time, dressed in yellow velvet (\$49.95).

Seven hundred chic San Franciscans showed up at the holiday party in November. They come year after year to buy mice, as well as the other intricately hand-sewn animals, including hedgehogs (\$29.95), frogs (\$37.50, which equates to about 750 hours of work), and caravan camels with gold blunderbells (\$57.50).

They talk to Jeannie or Kathy, two of the *Helpers* residents who work in the shop, and leave laden with the handiwork. Which is how the best-dressed trees in the city come to be mislabeled.

"All the luxury stores know Joy," says Wes Carroll, general manager of Carlier in San Francisco. He made the Carlier "Mousecattara" (faux diamonds with mice peeking through the crown's curves) himself. Ken Moore at Bulgari, which has also contributed a mouse, donates his old crocodile belts, which are snipped up and made into little bits for ornament horses. "I've given them to my most exacting clients," he says.

How delighted Holly Golightly would have been if she had started her day at Tiffany's Christmas windows in San Francisco and seen the "Mousecattara", toy mice dressed in silver and white space suits, clambering about the jewels. She'd have beaten out just the blues but the mean reds, too.

■ *Helpers Homes Bazaar*, San Francisco (415) 337 5031.



Oscar de la Renta, mouse-style

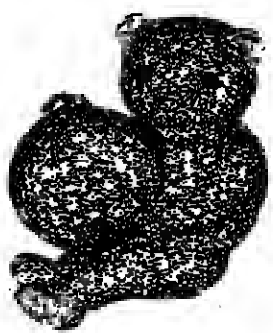
Misheka "Camilla Mouse" which is just a little busty, and a Louis Vuitton mouse in convertible red Mercedes with miniature valises thrown in the back seat.

Rodents, more than royalty, seem to bring out the best in designers. James Purcell chose a bright plaid skirt for his mouse so the *Helpers* Homes residents could enjoy the neon ice-cream colours.

Manolo Blahnik is represented by a pair of sleek spiky satin shoes, identical to those he designed for Bianchi after she had broken her hip and was told she would never walk on heels again, only here they have mice adorning the front.

The permanent collection mice are not for sale but there are others, designed as

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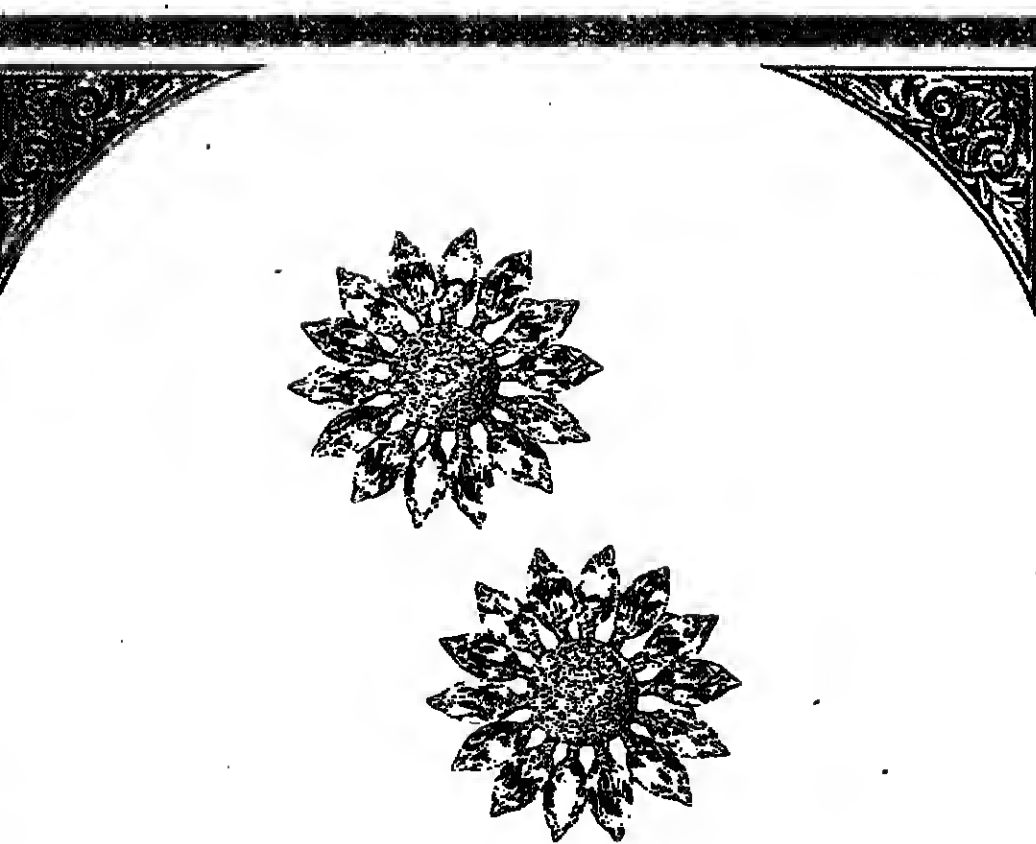
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PROPERTY

The Royal Westmoreland golf course and residential scheme in Barbados, which opened three years ago this month, is the biggest advance for two generations in the island's history as a luxury resort.

The first developments came before and after the second world war with a few British-built suburban villas on the poor land by the lovely west coast (where the slaves working the sugar plantations lived after emancipation in 1834).

Thus, they brought Barbados's gold coast into being. Among these 20th century settlers, who were mostly escaping punitive UK income tax, was Sir Ronald Tree who turned a property called Sandy Lane, straddling the Bridgetown to Speightstown coast road, into a famous beach hotel, golf course and villas.

The Barbados high season starts in December. It is not cheap. Concorde flies there in the winter for its only scheduled destination outside New York - sometimes you see three on the ground at Barbados airport. And rents for a villa rise to \$7,000 a night, including service but not food and drink (which are also expensive, except for local produce and fish).

But Barbados is worth the cost. It is a beautiful island, with bright beaches of coral sand fringed by palms and mahogany trees. The sea is limpid, while the fresh water filters naturally through the island's coralstone, and is delicious to drink.

A north-south ridge runs down the island separating the Atlantic side, with its cooling easterly trade winds, from the warm Caribbean gold coast side, where the sea is calmer.

It is a blessed life. The Bajans (Barbadians) love cricket - the coming Test match at the Bridgetown Oval sold out long ago. Their children turn out smartly for school and church and crime is low. Anglicans predominate. "It is a God-fearing place," I was told several times. Medicine is good, and literacy high. Bajans in the UK now send their children back to Barbados for school. It is easy to see why Barbados appeals to British owners. Even so, many go



Royal Westmoreland heads for the hills: what was once sugar land is now one of the world's most handsome golf courses

Planters' luxury punch

Gerald Cadogan recalls the history of resorts on the island of Barbados

there on holiday for years before they decide to buy, says Graeme Grant, of Royal Westmoreland (RW).

Buyers face one big difficulty. On the west coast, few houses are for sale and there is hardly a plot to be had. Martyn Arbib, founder of Perpetual fund managers, has resolved the problem by buying and knocking down three houses to make a decent-sized home in Barbados, at a cost of millions of dollars. Rumours fly on just how many.

The alternative is to go inland and uphill as the RW scheme has wisely done. It has 490 rolling acres that used to be sugar land and are now one of the world's most handsome golf courses.

Houses with a view across the course down to the sea are much sought-after. And being high means you catch the cooling trade winds, as the 17th century British settlers realised when they set their plantation houses up in the hills. RW has been excel-

lent for the whole Barbados market, says John Kidd owner of Holders, an old plantation house (on Realtors' list of properties for sale, with a guide price of \$5m), and creator of the Holders Festival, at which steel bands play together with symphony orchestras.

Can the good times last? Or will there be controls on foreign ownership?

RW shows that the shoreline is not the only smart place to be, and its huge investment in Barbados creates confidence - and jobs.

This gives the background to plans to revitalise nearby Sandy Lane, now owned by an Irish group, which will rebuild the hotel, revamp

the golf facilities and build some exclusive houses for sale by invitation only, says Paul Altman of agent Alleyne, Aguilera & Altman. He believes the two estates will be complementary.

The RW houses are well designed in cool white, grey and light brown, to contrast with the brilliantly colourful tropical plants. Ceilings are high with fans; air conditioning is only in bedrooms. The scheme is smart, quiet and relaxing, and the houses are placed sensibly on the upper part of the estate.

Demand for larger lots from the British Isles and Canada, and some locals, means that the original tally of houses has been cut from 320 to 280.

"Our owners like it so much that once they have tasted life at RW they are upgrading to larger houses," says Julian Rooney of RW. "The average price is now \$1m."

Properties start at \$560,000 and go up to \$5m or more. All prices are in US

dollars and are exempt from the usual 10 per cent tax that property buyers in Barbados have to pay.

RW handles resales and also lettings, which allow tenants to use club facilities and play golf at members' guest rates, and enjoy the full-length pools.

North of RW is Port St Charles, another important scheme as it is Barbados's first marina. For those who want to be on the water, it has 125 units. Here, too, buyers benefit from the tax exemption and do not have to pay duty on their boat. Prices vary from \$400,000 to \$1.8m (through Port St Charles or Harry Manning, or, in the UK, Humberts). Buyers come from Britain, Canada and Switzerland, and two from the US.

RW, however, has no US buyers as yet.

Away from these two developments, houses are for sale at the Sandy Lane golf course, including Half Moon House from AAA (\$3.85m),

and Tial-ta from Harry Manning (\$2m).

Among Bajan "great houses" (plantation houses) AAA and Realtors list the Bulkeley, dating from 1635, at \$2m, and AAA lists Oughterson at \$425,000 (plus \$175,000 for the furniture and \$150,000 for its zoo animals) and Zethersall, from 1647, at \$575,000.

Can the good times last? Or will the Barbados government one day introduce controls on foreign ownership, as happened in the Channel Islands? "If it does," says Kidd, "the value of all existing foreign properties will go yet higher." If you are thinking of buying, buy soon is the implication.

In Barbados (Code 001-246): Alleyne, Aguilera & Altman, 432-0840; Harry Manning, 422-2661; Port St Charles, 422-1800; Realtors, 432-6930; Royal Westmoreland, 422-4633 (and in London, 0171-355 5128). In London: Humberts, 0171-629 0909.

On the Move / Anne Spackman The 'reduced' signs go up

The word "reduced" is starting to appear on property adverts in London and the south-east, as over-optimistic sellers adjust to the market mood.

The "reduced" signs do not mean that property prices are falling: simply that sellers who had anticipated an extra 10 or 15 per cent increase in value since the summer, have been disappointed.

Similarly, some agents selling new developments in London have been told to cut asking prices to this spring's levels. Developers had been increasing prices by a few thousand pounds a week when the market was at its most bullish.

After the huge price increases in the south-east during the last 18 months, the property market across the country is showing signs of levelling out. In the latest monthly report by the Royal Institution of Chartered Surveyors, 60 per cent of agents nationally reported that prices were stable.

A summer of strong sales has emptied many agents' cupboards. Where prices have risen strongly, more houses are coming up for sale, but elsewhere, instructions are at record low levels. Fewer buyers mean this has not resulted in strong price rises.

The exception is for the best quality properties. A good house in a good location will still sell fast, for a high price, with stiff competition among buyers. The polarisation of the market between the best and the rest looks set to continue.

David Fursdon of Stags in Exeter, summed up the mood: "In comparison to the hectic first and second quarters of 1997, the last three months have seen a swing in the balance between supply and demand with more houses coming to the market and less competition between buyers, for all but the best houses. The number of houses sold is broadly the

same but buyers are more price conscious."

Communal life

When Oliver and Rosie Wates and a group of friends bought a cluster of run-down properties in Limehouse in Docklands in 1978, they were only marginally more comfortable than the squat they left behind. The main house had originally been a training hostel for sea cadets, then later used as offices. The legacy was a swimming pool in the basement, shallow enough for cadets to stand up in.

With Limehouse still a pioneering destination, they paid £52,000 for two houses, a garden and a chapel. "People behaved as though



Friendly home: 4a Newell St

we had moved to the Amazon basin," recalls Rosie.

The group of friends transferred their communal lifestyle, as far as property law allowed, sharing the freehold of the entire scheme, the pool and the garden. The property itself was divided into six homes, of different shapes and sizes.

Limehouse is a major Docklands residential area, with new blocks of flats going up all along the river. The Wates' home offers the large spaces which Docklands buyers so often want and cannot find, but in a Georgian building, rather than a converted warehouse.

Their stylish two floors are arranged as an enormous kitchen/family/dining area, two bedrooms and a reception room. The flat is for sale through Knight Frank's Docklands office (0171-480 6848) for £285,000.

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TRAVEL

Where ospreys hunt and insects bite

Nicholas Woodsworth undergoes a transformation when he explores Algonquin Provincial Park

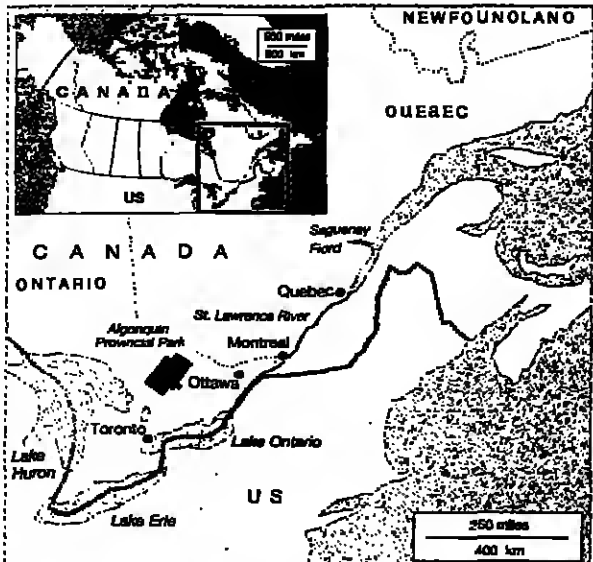
Nine months of snow and three months of hard sledding - the old backwoods saying that sums up the Canadian year may exaggerate a little, but basically has it right. Ask anyone from Vancouver Island to Saint John's, Newfoundland. It is not always easy being a Canadian.

I gave up after only the feeblest of struggles, and two decades ago abandoned the frigid winters of Canada for the balmy climes of Provence. Since then I have looked back on the land of the beaver, the caribou, and the numbed extremities with scant regret. What right-minded Canadian, discovering a place where wine is cheaper than anti-freeze, would do otherwise?

But blood, it seems, is thicker than water, wine, or anti-freeze, and will out; like a duck wintering in some warm-water refuge, I have each spring-time in recent years felt a deep internal stirring, a growing need to take wing and return once again to the great Canadian northland.

It was an irrational urge. I fought against it. But in the end recessive Canadian genes, abetted by the outdoor enthusiasms of Janey and Simon, my French wife and son, proved irresistible. Finally, last spring, I found myself preparing an extended canoeing expedition into the deepest bush of central Ontario. You can take a Canadian out of the woods, runs that other old saying, but you cannot take the woods out of a Canadian.

And so it was one summer morning that we three stood in the supply shop of Algonquin Outfitters, in the heart of Algonquin Provincial Park, confronted by a mountain of outdoor gear. There



were camp stoves and wood saws, sleeping bags and inflatable mattresses, tents and lamps and cooking pots and fishing rods and bags of freeze-dried food. How on earth, we wondered, would we pack it all away in a canoe?

"It's not so much a question of how the canoe will carry the load, as how you will carry the load - and the canoe as well - on your portages," said Erica. "Don't forget, you've chosen a route with 14 of them."

Erica, like all the staff at Algonquin Outfitters, is tall and strong and blond and daunting. A Canadian Amazon, she thinks nothing of hefting a pack on her back, a canoe on her head, and heading out alone into the wilderness.

"I did the Big Crow-Laville-Dickson Lake Loop by myself in three days," she said matter-of-factly as she helped us pack the gear into vast rucksacks. "And that was paddling against strong headwinds. You've got five days to do it, and a super-

light kevlar canoe. Only 60lb. There shouldn't be any problem at all."

We staggered out of the office toward our waiting craft. I was not so sure. Being a good, hardy Canadian, I had begun to suspect, remained as tall an order as it ever had.

Five hours and the first three portages later, my suspicions were confirmed. There is nothing like carrying an 18 1/2 ft canoe on your head for confirming suspicions. My back ached from the weight of the canoe and the pack. My arms were sore from paddling. In spite of having stopped on Portage 1, a repellent so potent it burns holes through tents and melts watch-faces - my legs were covered with mosquito and deerfly bites.

Nor was that all. The tent at our campsite on Proulx Lake looked like something assembled from coat-hangers and jute-sacks. Outside in the gathering night a storm was flaying the lake with thunder, sweeping rain, and brilliant bolts of megawatt

lightning. Our cooking fire was doused, our dinner steaks raw and unseasoned. Our food pack, supposed to be hanging high from a tree branch well out of the reach of bears, swung on a rope a miserable 10 ft off the ground - either it was too heavy, or I was too lightweight, to hoist it higher.

I feared it was the latter. Janey and Simon spent a harrowing night wondering whether it was better to be zapped by a bolt of lightning, torn asunder by an irate bear, or merely expire from water saturation in a puddle on the floor of a tent. My own worries, though, were more metaphysical.

Had I spent too long in the decadent and morally sapping climate of the south of France, I wondered? Did I still have enough of the right Canadian stuff - spruce gum, maple syrup, bug repellent, Molsen Export ale and the like - coursing through my veins? Could I do what Erica did and come out smiling?

After the evening's deb-

acle, I had serious doubts. Towards the end of the second day, though, two things happened that caused our paddle-through-purgatory to undergo a strange and rather wonderful transformation.

The first took place on the

How to avoid bugs. Where to find firewood. How to carry a canoe

river that wanders between Big Crow Lake and Lake Laville. Surveyed by two large turkey vultures which had, perhaps, sensed our imminent demise, I was hauling the canoe out of the water for the fifth portage of the day. Miles from civilisation and, we thought, the nearest human being, we ran across a party of Ottawa civil servants.

No-one figures an office full of Treasury number-crunchers as virile, outdoor he-men and, in fact, there was not a rippling muscle, not a Hemingway squint into-the-sun pose in sight. But nonetheless they were more than equal to the task. Here were ordinary, city-dwellers who had swapped briefcases for paddles, and were enjoying it tremendously.

There were a few simple little tricks, shown to us, that made all the difference to life in the backwoods. What to wear. How to avoid bugs. Where to find firewood. How to carry a canoe comfortably. What to bring, and, above all, what not to bring. Listening, I felt renewed. If bureaucrats could have fun, I determined, then so could we.

The second occurrence, an unfolding process rather than an event, involved simply calming down and opening our eyes. The Canadian wilderness is magnificent. Algonquin Park, 8,000 square km of bush, contains

2,000 lakes and 2,400 km of canoe routes. It is also a repository of all those natural elements - rock and water, plants and animals, that make up the great northern outdoors. It is quintessential Canada, and worth the effort of discovery.

That same afternoon, meandering along the Crow River, we came across a moose and her young calf plunged chest-deep in the water, idly enjoying a meal of lily pads. We watched pike dart through clear, shallow water, osprey drop like stones from the sky on unsuspecting fish, beavers forging a broad V across the surface of a still pond. Only gradually did human rhythms drop away to reveal something slower and larger in the world outside, and something deeper in us all.

Nights succeeded days, clear weather followed cloud, winds sprang up and died away in different quarters of the sky. And without quite realising it we came, on Lake Dickson, to the last

night of our expedition. The following day, at the end of the biggest challenge of them all - an arduous 5km portage - lay the end of the route.

The prospect of such a task should have filled us with dread. But it did not. We sat in our camp, gazed about, and sighed with satisfaction. A pot bubbled on a bright fire. Our tent stood taught and creaseless. Our food pack swung 10 ft high in a tree. Not far out on the moon-lit lake came the haunting call of the most northern of birds, the loon. Once again, we sighed a collective sigh.

A few more canoe trips, and we might make acceptable Canadians after all.

Algonquin Outfitters wilderness canoe holiday packages may be arranged in UK through North American Highways, tel: 01902-851138. Information, maps and brochures on holidays in Ontario are available from Ontario Tourism, PO Box 157, Minden, Ontario, Canada, TN12 9X1, tel: 0891-715000.

The mightiest catch of the day

In Algonquin's lakes, great fish stalk the depths. Nicholas Woodsworth goes after them

There is nothing wrong with a little self-indulgent pampering. Even in the braiding Canadian northwoods, laziness is a legitimate summer holiday pursuit.

So when I arrived at the Arowhon Pines resort it was with the intention of being very lazy indeed. Then I ate a dinner prepared by executive-chef Helen Kates, and she spoiled the whole thing. The trouble was that everything served in the big

log-bullit dining room overlooking the shores of Joe Lake was natural, seasonal and absolutely fresh.

In a large garden behind the kitchen Ms Kates grows her own ginger, herbs and vegetables. She makes her own chutneys, mayonnaise, yogurts, cereals, and pâtés.

She bakes her own breads, pies, pastries and desserts. It was all outstandingly good. And immediately it gave me the urge, too, to go off in pursuit of something natural, seasonal, and absolutely fresh.

I did not have time to grow my own ginger, but

there, right in front of me, lay the alternative - some of the finest lake trout fishing in North America.

There are other fish, of course, that can be caught in the 2,000 lakes spread over Algonquin Park's 8,000 square miles - smallmouth bass, pickerel, pike, and the gigantic, vicious, and predatory muskellunge all have their following. But there are few fish that are surrounded by as much northern mystique as the slender, mottled, green-gray lake trout.

An inhabitant of frigid waters, it has inhabited Algonquin's deep, cold lakes since the Ice Age, and today has made the park a fisherman's mecca.

A 44lb lake trout caught here not long ago broke a 20-year-old Canadian record and, while no self-respecting fisherman will tell you precisely where such events take place, 20th and 30th monsters continue to be pulled out of Algonquin waters.

A firm, pink-fleshed fish that makes for difficult catching and superb eating, the lake trout seemed to me an object worthy of the chase.

There are any number of ways you can go about catching this sought-after beast. In isolated Labrador, wealthy sports fishermen are happy to pay \$4,000 and more to fly in entire ex-



peditions in hush-planes. In the Minnesota lakeland, high-tech motorised craft with electronic fish-finders are employed. But, inspired by Ms Kates, I decided to take the purist approach and employ only simple and natural methods. So when I set out from the Opeongo Lake store the next morning with my fishing guide, Jay Bowie, it was for a day of lake-troutting from a simple 16 ft canoe.

We did not stay on Opeongo for long, one of the few Algonquin lakes allowing both motor-boats and hush-planes, it is the park's most heavily-fished lake. But there was a simple solution to that, Jay told me - muscle power.

Hoisting the canoe on to

his head at the far end of the lake, he trotted off down a trail through thick woods. A mile-and-a-half later, he set the canoe back down in Happy Lake Lake. Like any one else on holiday, many lake trout fishermen tend to be lazy - faced with a portage and an outboard engine ban at the other end, they seek easier waters. We were the only fishermen there.

As we set off down the lake, a blue, two-mile stretch of island-studded water, I remarked that our slender fishing rods and 10lb test line did not seem the best thing for joining battle with 44lb behemoths.

But if such creatures are impressive for their size, Jay told me, they make poor eating. Easier to fit into a fry-

ing pan, and far more succulent, are the lake trout that weigh in at 2lb to 3lb. Happy Lake Lake has a plentiful supply of them.

Without specialised knowledge and equipment, though, you could fish Happy Lake all summer and remain entirely unhappy. We began trolling, our rods braced into holders clamped to the canoe thwarts as we paddled, our gold- and silver-coloured lures flashing in the sun behind us.

Jay was showing me how easy lake trout fishing can be in the early spring after the ice breaks up and surface water is cold. As summer advances and the lake warms up, the trout sink to ever-greater depths in search of cold water - they are often found 100ft and deeper.

One way to troll at that depth is to use vast lengths of heavy steel or lead-core line. But Jay had brought another secret weapon, a contraption known as a down-rigger. His own was home-made, pieced together from bits and pieces found around the Opeongo store - a tent pole, a kayak paddle handle, a large spool of rope, the heavy metal ball from a trailer-hitch.

For all its simplicity, it proved deadly when lashed to the side of the canoe. Carried down by the metal ball, the spool of rope paid

out over the thwart through the hollow paddle handle - attached near the bottom of the rope on a release clip, our own nylon lines and lures were soon trailing behind the weight deep in the water below us.

Lake trout become hungry when warm water cuts them off from surface feeding - as we bobbed along on top in warm, bright sunshine, far down in cold waters ravenous fish hit our lure again and again. With the hook once set, it was only a matter of getting them safely all the way to the surface.

Sometimes they stayed on, sometimes they fought their way off. But by mid-afternoon we found ourselves paddling home with our legal take safely secured and trailing along in the water behind us.

It was an exploit, I rejoiced, as we pounded along the portage with the trout still wriggling, that Helen Kates herself would be happy with.

Fresher fish never existed. It was an exploit that I, too, was happy with. For just a few minutes away, in the shape of skilzing, pan-fried lake trout, lay a little of the self-indulgent pampering I had been looking for.

Nicholas Woodsworth was a guest of Arowhon Pines, tel: 001 705 63 3 56 61 (fax 705 63 3 57 95).

In the UK information about fishing holidays in Ontario may be obtained from Ontario Tourism, PO Box 157, Minden, Ontario, Canada, TN12 9X1, tel: 0891-715000.

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COOL CAT: Hoverspeed's SeaCat takes you from Folkestone (11.15am departure) to Boulogne (9.15pm return) for £10 for a car and up to five passengers, Monday to Thursday, until Christmas. Drink outlet The Grape

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Shop is 100m from the Boulogne terminal. Details on 0950 240241.

DAY TRIPPER: Until December 20, KIRK is offering trips to Paris by Eurostar from Waterloo or Ashford for £99 per person. Call 0171-231 3333.

HOWLIN' WOLF: Naturetrek offers a nine-day, Poland-in-winter adventure tracking wolf, European bison, lynx and other mammals. Four days in the Puzoska Rominka forest, once Kaiser Wilhelm II's

hunting ground. Cost: £990 including expert guiding. Tel: 01962-733051.

LAND OF SHEBA: Imaginative traveller includes Yemen for the first time in its Middle East and Turkey brochure. Call 0181-742 8612.

CLEARWAY: Germany specialist Moswin is offering Bavarian hiking holidays until the end of March on trails cleared for walkers. Seven nights self-drive starts at £235 a person (0118-271 9922).

LONG HOP: Travel by rail this summer from Vancouver to San Diego and then pop across the Mexican border to Tijuana by bus. Prices from £1,750 for 16 days, including BA flights, accommodation and most excursions. Great Rail Journeys: 01904-675969.

FOLKLORE FIRST: New company Folk Tours includes a Passion play, a Balkan music festival, a folk wedding (Macedonia) and a wine harvest (Hungary) in its schedule for next year. Tel: 0171-231 5762.

KIWI TALES: Te Papa, New Zealand's big new national museum on Wellington's waterfront opens in February. Tel: 64 4 381 7000 or mail@tepapa.govt.nz

HAPPY BIRTHDAY: Qantas, celebrating its 50th anniversary this week, offers flights to Sydney from London for £999 return. Call 0345-747767.

STEER CLEAR of the Central African Republic (ruthless) and Liberia (rebels), except on essential business, warns the British Foreign Office.

Jill James

0171 492 0021

FOOD AND DRINK

Dramatic, tense and nervy, sinewy, suave and Red

Jancis Robinson's two-part list of seasonal wine recommendations starts this week - watch out for burgundies that won't break the bank

Médoc which taste like Chilean Cabernets, Chilean Cabernets which seem to come from the Napa Valley, and Syrahs aplenty to challenge the Rhône. The following is your guide in an increasingly confusing wine world.

LANGUEDOC

Still source of some of the best wine value in the world, hand-crafted wines marked by passion and geography. See also any wine labelled Pic St Loup, virtually any Costières de Nîmes, and Gellon Castle's list (01555-503012).

Ch de Nages 1999 Costières de Nîmes, £4.99, Oddbins. Powerful US wine critic Robert Parker has discovered this underpriced bombshell from the western limits of the Rhône Valley, alas, so stuck up on this dense, characterful red for drinking with hearty food over the next nine months.

Côteaux du Languedoc 1999 Vinum de Calcaiz, £4.95, ABA. This satisfying Pic St Loup oozes into every tastebud.

Cuvée Bronzine 1995 Dom St Martin de la Garrière, £5.95, La Res. Excitingly concentrated yet gentle wine in which a long maceration has resulted in a wonderfully deep colour and bouncy southern fruit.

Ch Languere Grande Cuvée 1995 Pic St Loup, £7.99, larger Tesco's. Fuller. Serve this blind and see it taken for a wine at twice the price. Masses of depth, geography and interest. Great to see a large supermarket stocking such a wine.

AROUND BORDEAUX

More difficult than ever to find single bottles of good, mature claret. Most of the wine available is the less-than-exciting produce of 1991-1994, so grab any 1990s (Majestic's mop-up of the Swedish monopoly cellars has yielded some real bargains, rarely aristocratic but many have vaguely rustic charm) and drink lesser 1990s. Otherwise, try La Res or Reid Wines (01661 426645) or start to drink your long-cellarred 1982s now that prices seem to have peaked and you need either no longer about whether you can afford to. Many 1983s are also looking lovely.

Ch de Carles 1990 Fronsac, £5.99, Majestic. Lively refu-

The key to the wine cellar

ABA, Adam Bancroft Associates (0171-673 1902).
C&S, Corney & Barrow (0171-251 4051).
Ch, Chateau.
BBR, Berry Bros & Rudd (0171-398 9800; 01256-323558).
D&S, Dorey & Sons.
HHC, Haynes Hanson & Clark (01451-679808, 0171-229 0102).
L&W, Lay & Wheeler (01206-764446).
OFW, Oddbins Fine Wine (HC: 0181-644 4400).
OWL, Owl & Co (0171-626 7750).
La Res, La Réserve London SW3 (0171-580 2020).
Clapham Cellars SW11 (0171-678 8801).
Heath Street Wine Co NW3 (0171-435 6949).
Le Picolier W2 (0171-402 6620).
Sec & Vin SW9 (0171-382 6630).

free from Stockholm.

Ch de Lisse 1990 St Emilion, £7.99, Majestic. Full, well-balanced and ripe, worthy successor to the 1989.

Ch de France 1995 Pessac Léognan, £9.99, Oddbins. A charmer, but not a heavy weight.

La Demoiselle de Sociando Mallet 1995, £10.75, Wine Rack, Bottoms Up. A sign of the times that this once-mooted Cru Bourgeois can command such a price for the wine made from its efforts - and that the wine itself tastes more like a top Chilean Cabernet than a Médoc. Not for traditionalists but those who want beef rather than subtlety.

Ch Royland 1994 St Emilion, £13.81, C&S. Classic St Emilion with real guts, for drinking over the next five years.

Moulin des Dames 1994, Bergerac, £13.95, L&S. Quite extraordinary concentration for a Bergerac from Luc de Conti at Tour de Gendres; without question worth the money. For this year or the next five.

Ch Olivier 1990 Pessac Léognan, £13.95, Nicolas. Unusual availability for a wine with some bottle age. Lively and appetising.

Ch Roc de Cambes 1994 Côte de Bourg, £15.28, C&S. £188 a dozen from Savage Salaction (01451 860896) which offers a range of vintages. From the same dedicated winemaker as cult wine Tertre Roteboeuf, very dramatic, ambitiously oaked evidence that even the outlying areas have their pockets of genius.

LOIRE

Secure the best of the delicious 1996 reds over the next few months. RSJ Wines (0171 633 0488) has the best selection, although Gambley's of Nottingham (0115 9110555) also offers some of the best

producers.

Anjon Rouge 1996 Dom des Bannards, £6.95, La Res. Pungently inky nose, lovely satin texture, ultra-clean and sappy. Not big, certainly not oaky, but very racy and appetising. In less successful vintages than 1996, the fruit is made into Bannard's fascinating pale pink Crémant de Loire, a leadily refreshing fizz (£9.95 La Res).

BURGUNDY AND BEAUJOLAIS

Prices for the promising 1997s may have zoomed up at the Hospices but earlier vintages can provide really thrilling drinking, at prices which look rather good in comparison with red Bordeaux, and often surprisingly good compared with the New World's most celebrated Pinot Noir producers. Look especially for the charming, refreshing 1993s which can offer a real alternative to the blockbusting style sought by so many red wine producers elsewhere (Laytons has several Dujac grands crus at around £30 a bottle). Less ambitious 1996s are also lovely now. Consult HHC and Morris & Verdin (0171 357 8866).

Hautes Côtes de Beaune 1995 La Dalginière, £5.49, Majestic. Quite oaky and substantial. Miles better than most previous vintages. Hautes Côtes de Beaune 1995 Tête de Cuvée, £6.99, Waitrose. The other side of the Burgundian coin: light, delicate, fragrant, savoury, restrained and not too tannic. Bravo!

Pernand Vergeles 1996 Jaffin, £7.49, £23.49 from 20/1 Majestic. Substantial for the appellation and a jolly good drink. Prices rise by £1 on Jan 20.

Brouilly 1996 Domaine du Point du Jour, Guy Depardon, £2.24, L&W. A seriously



juicy wine to restore one's faith in Beaujolais. Not even the merest whiff of bananas or peardrops.

St Amour 1996 Barbelet, £3.90, HHC. Another serious Cru Beaujolais to be drunk over the next year or so.

Côtes de Nuits-Villages 1995 Chopin-Groffier, £3.95, ABA. A steal. Lovely pure Pinot fruit with a hint of licorice and the structure to provide delicious drinking over the next couple of years.

Pernand Vergeles 1995 Fery-Mueller, £12.53, OWL. Truly exciting, intense wine made by the winemaker at

J.J. Confuron for drinking over the next three years.

Beaune Premier Cru 1993 Dom Roaignot Trapet, £16.95, Waitrose. Inner Cellar. This beautifully textured specimen is still putting on weight and could be enjoyed over the next three years.

Nuits-St-Georges Les Vignerons 1992 Faiveley, £19.65, HHC. A powerfully shining jewel for drinking over the next two years.

Chambolle Musigny Les Athènes 1994 Tard, £19.95, La Res. Ready, exotic, already fully spiced and no shy retiring flower, rather a showstopper from vines leased

from Méo-Camuzet.

Nuits St Georges Premier Cru 1998 Dom de l'Arlet, £22.99, L&W. Nuits from a French polisher. Lovely pure, relatively soft yet structured thoroughbred. Racy and already delicious.

Corton 1995 Dom Chandon de Brailles, £38.25, BBR. Grand cru quality yet unusually approachable already. A gentle giant from a mother and daughter team.

Corton Clos des Cortons 1995 Faiveley, £48.25 (magnum £96.50), HHC. No compromises in fashioning this grand cru for the future. Power and oak in abundance. Open in 2005. For cur-

rent grand cru drinking go for Faiveley's lacy, entrancing Mazis-Chambertin 1992 £34.35 from HHC.

RHÔNE/PROVENCE

A source of great value in the best-value price bracket of all (£5-£10 a bottle), which seems to continue to attract quality-driven newcomers. High success rate at this level and no shortage of flavour. Lay in as much as you can afford, for surely prices will rise.

Côtes-du-Rhône Bouquet des Garrigues 1995 Clos du Caillou, £5.95, ABA. The second bottle I tasted was more excitingly herby and rich than many a Châteauneuf-du-Pape, but the first was very strange indeed. Caveat emptor.

Vin de Pays de Vaucluse 1995 Dom de la Tour, £5.95, L&S. The most approachable, gentlest wine of Emmanuel Reynaud, now in charge of Ch Rayas, no less. Supper-to-the-kitchen wine.

Côtes-du-Rhône Parallèle 45 1995, £1.99, Oddbins. Some slight north Rhône stink. Raunchily textbook stuff made by the late and much missed Gerard Jaboulet.

Sablé 1994 Dom de Ptaugier, £6.99, Oddbins. Two different blends available but both are dense, spicy and fine value with several years ahead of them.

Crozes-Hermitage 1998 Dom Pichon, £7.55, Adams. Wonderfully ripe, supple palate with lots of depth and real potential for ageing, too. Valréas 1995 Dom des Grands Devers, £7.95, La Res. Almost medicinal southern Rhône with lusty blints of the garrique. A strong character to see us in to the next millennium.

St Joseph Côtes de Mair-lant 1994 François Villard, £2.25, ABA. Villard is definitely a name to watch (for Condrieu too). Very dramatic, very modern, archetypally ambitious.

Vaucluse 1993 Cuvée Temploirs, Dom Clos des Cazeaux, £8.89, L&W. Extraordinary wine with great colour, an intense bramble perfume and amazing supple sweetness. The slight blint of Fisherman's Friend on the palate might put the odd person off but this is a wine clamouring for, and deserving of, attention.

Lirac Cuvée de la Reine des Bois 1995 Dom de la Mordoree, £9.95, L&S. Wonderfully gently handled, complete and flattering to taste; Châteauneuf without the tannins.

Châteauneuf-du-Pape 1995 Ch Mont Redon, £9.49, Majestic. Rich, excitingly tense and nervy. Price rises by 50p on January 20.

Clos St Michel Châteauneuf-du-Pape 1995 Guy Mousset, £9.95, Waitrose. Very lively and delicious with a high (30 per cent) proportion of Mourvèdre grapes.

La Rosine Syrah, Vin de Pays des Collines Rhodaniennes 1995 Ogier, £11.95, La Res. What? Nearly £12 for a Vin de Pays? But this is really a Côte Rôtie manqué, made from youngish vines above Ampuis with masses of punch.

Hermitage 1991 Chave, £24.50, Majestic. An impeccable classic for the next century.

For Ch Rayas Châteauneuf-du-Pape, try OWL.

Having initially seduced us with their bargains, Australian wine producers are now busy trying to lure us up in to the luxury category. Under £6 a bottle, Chile, South Africa, eastern Europe, Spain and, yes, France can all offer much better value. Higher up the scale, prices are rapidly overtaking those of the French archetypes, especially for Syrah/Shiraz, international superstar Penfolds Grange having set a dangerous precedent. Look out for a rash of Merlot in future. Arise, McLaren Vale!

AUSTRALIA

Deakin Estate Shiraz 1996 Victoria, £4.99, Victoria Wine, Bibendum. Owners

Maison Louis Latour
Fine and affordable red and white Burgundies
For stockists, tel. 0171 409 7276
louislatour@compuserve.com

Finca La Brilla
Quality wines from Argentina
Embassy from Penfolds Wines
Tel: 01707-950015
Fax: 01707-394893

The best from around the world

Jancis Robinson chooses good value reds from outside France

Wingara have been admirable in holding prices. Exceptional value for estate-smooth fruit from the Victorian hinterland.

Tatachilla Merlot 1995 McLaren Vale, £7.45, Waitrose. Oxo savoury notes on ripe fruit matured in once-used barrels. Worth keeping some for a year.

Old Penola Estate Merlot/Cabernets 1994 Coonawarra, £7.99, larger Tesco's. A serious, well-balanced expression of Coonawarra's special character. Gardeners may appreciate the name of the winemaker, John Innes.

Tatachilla Foundation Shiraz 1995 McLaren Vale, £8.49, OFW. Very slightly syrupy but masses of flavour and held in check by good acidity.

Katnook Merlot 1995 Coonawarra, £10.95, Bibendum. Unlike many an Australian, very definitely Merlot, but £2 more than its direct equivalent from South Africa and much more than

Chilean rivals. Plantagenet Cabernet Sauvignon 1993 Mt Barker, £12.80, BBR. Classic claret (the 1990 has just been auctioned for A\$165 a magnum), but the Roc de Cambes from Bordeaux seems a better buy to me.

d'Arenberg The Dead Arm Shiraz 1995 McLaren Vale, £13.99, Oddbins. Limited stocks available of this impressively pleasurable, meaty mouthful.

St Hallett Old Block Shiraz 1994 Barossa, £13.99, Thresher. An old favourite in a great vintage for South Australian reds.

Steve Maglieri Reserves Shiraz 1994 McLaren Vale, £14.99, top Tesco stores. Molten lava.

Peter Lehmann Stonewell Shiraz 1992 Barossa, £16.99, OFW. Coconut, essence of ripe black fruits, nothing to do with France; the only anything thing is that last Christmas Asda were selling the 1991 for £14.99.

Clarendon Hills Merlot 1996 McLaren Vale, £23. Juster & Brooks (0171 493 9224/0181 235 3202). Clover of J&B to have snapped up this Australian cult producer, whose old-vine Shiraz, Astralis, is a serious rival to the Penfolds Grange. J&B have a few bottles of the 1996, wonderful airborne treacle, at

SOUTH AFRICA

Cabernets still generally rather tough but the country's own Pinotage continues to be increasingly charming.

Clos Melvins Pinotage 1996/97 Stellenbosch, £5.49, Fellen. Oddbins. Virtually identical tasting notes for both vintages: full, sweetly fragrant and flavoursome.

Leaf Op Hoop Cabernet/Merlot 1996, £9.99, Mt Hill Wines. The Grape Shop. Intense, smoky, vaguely reminiscent of Grape Nuts. More welcoming than most.

Clos Melvins Reserve Pinotage 1996 Stellenbosch, £7.99, Waitrose; Victoria Wine Cellars. The powerful, plush, almost feral, almost milk chocolate smells of Devon-sally fruit in abundance and concentration.

Boulevard Pinotage/Gallop Peak Pinot Noir, 1996 Walker, £9.99, Bibendum (0171 722 5574). Peter Pinelays makes much more authentic Burgundian wines than most South Africans and every vintage seems to be better than the last. Lovely cool climate fruit here.

Grangeval Cabernet/Merlot Reserve 1994 Stellenbosch, £10.99, Waitrose; Drink Deep at 988 sophisticated wine as prices are escalating with reputation in South Africa.

75. The Merlot needs no knowledge of Australia to appreciate. Top winemaking. Henschke Mt Edelstone Shiraz 1994 Eden Valley, £24.65, L&W. Top form from the Henschkes. This is gorgeous, and a strong statement about well-controlled, beautifully balanced South Australian Shiraz.

have certainly paid off. This has amazing concentration but no obvious excesses. For tasting and cellaring.

Cyrl Henschke Cabernet Sauvignon 1994 Eden Valley, £27.98, L&W. The Henschkes' experiments with every aspect of grape growing and wine making

can style by California winemakers in two cases below. Seek out as small a California appellation as possible. "North Coast" is California's equally vague answer to "South Eastern Australia".

Best importers are Oddbins, Morris & Verdin (0171 357 8866) and the Wine Treasury (0171 793 9999). Harvey Nichols (0171 201 8587) has a good, if stiffly priced, range. Zin is great with turkey.

Trio Merlot 1996 Chile, £5.49, Thresher. Nice bright fruit with neat oaking, California crispness and packaging. This one was made at Concha y Toro by Chile's version of constant winemaking molton, Ignacio Recabarren.

Veramonte Cabernet Sauvignon 1996 Chile, £6.99, Oddbins. The grapes were grown in Chile, mysteriously "influenced by the beauty of the Andes mountains" according to the label, but the winemaking and structure are pure California. Great value, very smart packaging. There's also a notably soft Merlot.

CALIFORNIA

Some wonderful wines at the top end but very few bargains. For cheap California wine go to Chile or Argentina, whose inexpensive fruit has been fashioned into wines of truly North American style by California winemakers in two cases below.

For our Red and White Burgundy En Primeur brochure call Rebecca Haynes on 0171-727 6846 or fax on 0171-727 7133.

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Marietta Cabernet Sauvignon 1994 Geyersville, £10.99, Majestic. Good price. Carefully made and very well balanced.

Tria Zinfandel 1995 Napa, £11.99, OFW. An elegant, svelte, positively balletic version of California's own grape made by a refugee from the great Saintsbury of Carneros, whose wines (see Adams) have been superb from the 1994 vintage.

Pleasures VI Sean Thacker, £12.99, Oddbins. Odd-bird, spicy stuff.

Frog's Leap Zinfandel 1995 Napa, £18.88, L&W. Ultra appetising, correct interpretation.

A vital wine smelling of roasted beetroot.

Ridge Zinfandel 1995 Lyton Springs, £17.50, Waitrose, Inner Cellar. Hot berries nose but beautifully balanced. Gutsy, appetising.

Made to be drunk with food. Pure indulgence.

Beringer Private Reserve Cabernet Sauvignon 1993 Napa, £28.99, Majestic. Stunningly suave, well-constructed wine from Ed Sbraga keeping its dramatic alcohol content well hidden. Gorgeously gluggable now but it should mature beautifully.

Continued on next page

1996 Burgundy from John Armit Wines

FOOD AND DRINK

Napoleon described the British as a nation of shopkeepers. He might equally well have said a nation of cake-makers. For, although the British may not be the world's greatest cooks, they consider themselves to be cake-makers second to none.

The teatime tradition lives on at weekends, and many who wave the Union flag still maintain that the gift of a shop-bought cake is the ultimate insult to a hostess, implying that she lacks the skills to bake her own.

British cakes are legion. Anglesey, Banbury, Cornish saffron, Dundee...I could run through the alphabet twice over at least listing the names of villages, towns, cities and regions that have given their names proudly to local cake creations.

Curiously, though, every last crumb of these individualistic offerings is swept from the table on festive occasions.

For Christmas, weddings and christenings, cooks countrywide unite in choosing to bake the same heavyweight fruit-and-nut-packed, brandy-soaked number, as black as thunder under a marzipan coat and cement-like outer casing of Royal icing. Or so it was until recently.

Habits are changing. The reign of the British Christmas cake seems to be waning and a taste for the European is growing. *Bûche de Noël* and *stollen* have slipped across the channel into the affections of many. But the real love affair is, of course, with Italy.

Panettone is embraced as wholeheartedly as pizza, pasta and risotto combined. What is more, we seem willing to accept that no aspersions are cast on our traditional cake-making prowess if we buy foreign cakes and sweetmeats rather than make them in our own kitchens. Blessed relief for the cook.

A little over a year ago, Marks and Spencer sent me samples of a recently introduced range of regionally inspired English cakes. I will be kind and cast a veil over my tasting notes.

I had doubts when I heard of the company's plans to launch an Italian collection this Christmas. But the earlier failures seem to have been taken seriously to heart and the lessons well learned. These are cakes and sweetmeats of quality.

M&S has been well served by its agents whose brief it was to find producers making traditional local recipes the time-honoured way, yet capable of producing sufficient volume to stock 100 stores, and prepared to invest in some changes necessary to meet British standards and specific M&S requirements.

Artisan cottage concerns, capable of supplying (maybe erratically) one independent delicatessen, are easier to find; so are industrial-scale factory operations designed



Panettone: Habits are changing. The reign of the British Christmas cake seems to be waning and a taste for the continental is growing

Anthony Blake Photo Library

Cookery

Let them eat (Italian) cake this Christmas

Move over pizza. Pass the panettone, says Philippa Davenport

to supply the mass market cheaply - with subsequent loss of authenticity in the products, of course.

The three producers selected - Fiore of Siena, Barbero of Alba and Bonifanti of Villafranca Piemonte, near Turin - are all small but growing family concerns, united by a shared passion for their craft and pride in their products. Their names are rightly displayed on the packaging.

The M&S logo is very dominant but to include the producer's name and a micro-history of each cake or sweetmeat is a welcome innovation - and a wise one given British consumers' growing interest in the provenance of the foods they buy.

The packaging is exuberantly Italianate and festive, all scarlet and gold, with traditional elaborate boxes for the panettone and intricate origami-style folded paper wrappers for the rest.

Panettone, the classic

yeast cake of Milan, is so well known that a description seems superfluous but these made by Lorenzo Bonifanti are unusually good. He makes them in the squat dome shape that traditionalists prefer and raises them not with chemicals but with yeasts lovingly nurtured by generations of his family down the years.

The result is a wonderfully tender crumbed cake, light, golden with butter and egg yolk, rich but not greasy, delicately scented with true vanilla (not flavouring), judiciously sprinkled with plump sultanas and candied peel.

This is craft baking at its best.

In some stores the product is being promoted by a regal display of Bonifanti's 4kg size panettone. I hope M&S will stock these whoopers as well as the 750g and 500g sizes next Christmas to satisfy those who share my love of a sensational party centrepiece and who cannot get enough of a good thing.

Next to panettone, amaretto is probably Italy's best known sweet export to Britain, but the sort with which we are familiar is a modern invention, a dry and brittle biscuit best suited to crumbing and stuffing peaches or using in trifles and puddings. Its nut content is low and some makers include more peanuts than almonds.

Alberto Barbero's amaretto soufflé is a revelation. His

older, superior recipe produces more of a sweetmeat than a biscuit. These amaretti are softly moist and chewy and splendidly nutty with a 34 per cent almond content, mostly sweet almonds from southern Italy plus a few bitter ones from Turkey.

The nuts are top quality and admirably fresh-tasting due to storing in the shell, cracking open, blanching

Siena is renowned for its ancient and elaborate sweet specialties

and grinding only shortly before baking.

Also from Barbero of Alba comes a chocolate amaretto called *tartuffi*, a sweet truffle for times when the fungal variety is out of the question for financial or seasonal reasons. Unlike the meltingly smooth ganache-type chocolate truffles we know best, these endearingly hand-shaped little nuggets are quite hard and crackled with chopped hazelnuts, the Tonda Gentile variety for which Piedmont is justly famous. The ratio of nuts to chocolate is not enormous but the roast is high, like the roast of coffee beans for espresso, so the flavour is

intense. A mite too sweet for me but my chocolate-loving husband was impressed. Siena is renowned for its unique range of ancient and elaborate sweet specialties, none more dense and sweet than panforte. Annamaria Corsini of Fiore makes a distinguished example, a slice of history passed down from the 13th century apothecaries who once made it.

Fiore's recipe is a secret but known to contain 17 spices pounded and mixed with candied orange peel, citron, melon, almonds and honey-soaked crumbs, hand-pressed into shallow wheels on rice paper. It is softer and fresher than many I have tried, seriously chewy and voluptuously fruity thanks to fruits and nuts of the first order chunkily cut to retain distinct individual character.

Just one thing jars. Under the intricately pleated scarlet paper wrapper, as rich and heavy as brocade, is an inner wrapper of heat-sealed foil. An ideal moisture barrier to protect the freshness of the product, no doubt, but aesthetically alarming, so reminiscent of downmarket bolt-in-the-bag or microwave dinner packaging that expectations of the product plummet. An alternative ought to be sought.

Freed from the foil and the blizzard of icing sugar contained therein, a sliver of this richest of rich sweetmeats is sublime with coffee; the Italians favour it with whisky, too. 5 kg rounds are

made for Tuscan shops, where it is sold by the slice, cut to order. If I were planning a winter wedding, I would want to try to get hold of one of these giant wheels. It would make a sumptuous alternative wedding cake.

Fiore also supplies M&S with cantuccini, honeyed rusky-dry biscuits studded with almonds, that look like oblique slices of ficelle bread. Dating back to the 16th century and originating, I believe, in Prato, just up the road from Siena, they are already popular with the British Chianti-shire set for dunking in dessert wine or espresso. Dunking is essential to mitigate the sweetness and to protect the teeth against cracking.

Finally, a discovery for me, ricciarelli, another age-old Senese specialty exquisitely concocted by Fiore. An intensely almond combination of chopped almonds and almond paste, ricciarelli are almost a country specialty, cut into lozenge shapes, sugared and baked till the surface cracks to a decorative crazy paving. I was distressed to see the high percentage rejected as unsaleable by the girls who made them but a stylised appearance is apparently paramount.

Each year a regional cookery contest is held to find the pastry cook who produces the most beautiful tray of them. This is baking as an art, a supremely edible art.

SPAIN AND PORTUGAL

Some fine modern, inexpensive Spanish bottlings, increasingly reliable Ribera del Duero (look for Pasquera, Condado de Haza and Alión) and some richly satisfying Rioja at last. Martínez Rodríguez and La Rioja Alta produce some of the best of the new and the old respectively.

■ Dominio de Valdepusa Syrah 1995, Marques de Griñón, £8.99. Majestic. Hints of tobacco leaf, rich and ripe, very unlike Rhône but a great deal of pleasure.

■ Pago de Carraovejas 1994 Ribera del Duero, Victoria Wines, £8.99. Savage Selection, £9.99. Real backbone yet already broachable. Great vintage.

■ Portugal is an increasingly interesting source of fruit, reds, the more expensive, the more impressive the framework. Douro reds such as Quinta do Crasto just get better. Oddbins has a good range of Espinho wines and a firm, full-bodied, heart-warming Pagos Clavos 1993 at £7.99.

much acid. Mariposa Malbec 1996 Viñas de Tupungato, £6.49. Majestic. Inky purple, exceptionally sweet and smooth, from relatively high altitude vines.

Catena Alta Cabernet Sauvignon 1994 Mendoza, £20. Bibeodum. Wine Society. The top offering from trans-Andean, trans-American Paul Hobbs and very impressive too. Argentine velvet on a Bordeaux framework. In limited supply.

ITALY

Interesting to see how Britain's keenest wine-buying palates - as at Adam Bancroft Associates, Gelson Castle, Lea & Sandeman,

importers Richards Walford and Savage Selection (01451 860896) - cannot resist this great wine resource, long treasured by Germans, Swiss and Americans, yet under-represented in Britain. Follow these noses, or buy from Valvona & Crolla of Edinburgh (01815 565066). The best are expensive - but not overpriced, and Italy is a rare source of fine, mature reds.

Dogajolo 1996 Carpineto, £5.99. Majestic. Exceptionally deep-coloured, velvety Sangiovese/Cabernet blend from this Chianti Classico estate clamours to be drunk this minute. Do not keep.

Chianti Classico Riserva 1991 Posio di Fatti, £7.99. Waitrose. Lovely mature bouquet - all too rare on British supermarket shelves.

Vino Nobile di Montepulciano 1994 Avignonesi, £8.75. Waitrose. Rich yet savoury. Tannic bite but smooth and dense. Good price thanks to Waitrose's long relationship with this fine producer.

Barbera Serravalle 1996 Cigliuti, £8.95. ABA. Delightfully fruity oaked Barbera. Great with charcuterie.

Castelapiti 1992 Monteloni, £9.95. ABA. Appetising Sangiovese/Cabernet blend which is, usefully and most unusually, at its peak.

Barbaresco Rabbia 1994 Bruno Rocca, £16.95. ABA. Bruno Rocca made the most lauded wine in a recent big international assessment of Piedmont's best.

This wine is so good, so packed with those mysterious Nebbiolo scents, that it even managed to shine after having been chilled by mistake. A bargain.

Tassinaria 1995 Tenuta del Terriccio, £16.95. L&S. Very ambitious Cabernet/Merlot blend from Tuscany for drinking now and in the next century. Compares favourably with most claret available at the same price, albeit with quite a different, more sculpted, structure.

Brunello di Montalcino 1991. Talenti £15. Bibendum. Remember DOGG? Vigna del Bosco Syrah 1994 Fattoria di Maunano, £21.95. L&S. Congratulations to Lea & Sandeman for securing some of this admirable wine for Britain. These north Rhône vines were planted in Tuscany as recently as 1990 but have been producing fine wine almost from the start. Tight, mineral-scented, sleeker, more sophisticated, than the Hermitage archetype.

Bruno di Rocca 1993 Roccaldo Acuti, £25. Majestic. Stunning Supertuscan.

Beef/ Giles MacDonogh

Lament for the great British roast

I was in France on Wednesday, buying fat duck livers from wooden stalls festooned with plump birds in the little market in Condom in Gascony.

It was such a relief after all the neurotic hypersensitivity over meat, to find oneself among jocular market people, and to listen to their homespun advice on how to cook, serve and appreciate a tarrine of *foie gras*.

Real life, as lived in Britain, dawned on me with Thursday's FT: no more beef on the bone, no fore ribs, no oxtails, no T-bone steaks, and (almost worse), no beef stock.

How does the gourmand react to such news? In my case I crossed the road to B&M, my local organic butcher in London's Kentish Town Road, and promptly asked Ken Donnelly for a rib for Sunday.

He had had no directives, nor had Smithfield Market. For this time being, everything was normal. He thought he might be able to carry on supplying me with oxtails until January.

The government was panicking again, harassed by animal rights people and anxious to restore the export trade, they had lashed out against the risks posed by an estimated three contaminated beasts, out of a total of 2.2m slaughtered every year.

To limit the sales of butchers' meat is to approach the problem too late. Good, healthy beef is born in the field; good husbandry precludes the need to take such draconian measures once the animal is slaughtered.

When Donnelly started work a generation ago, only about 50 per cent of the beef sold by British butchers was home-grown. It became practically all British. Increased production was the result of genetic engineering, altering the shape and accelerating the maturity of cattle in order to get faster and bigger returns.

The evil use of sheep carcasses in feed was merely part and parcel of this: fiddling with nature in the interests of cheap meat. Egged on by the consumer and the supermarkets, the irresponsible farmer had taken all the short cuts.

I called B&M's supplier, the Devon farmer Adrian Dove who runs an organic farm and shop. It was just one more tumble for those who took care of their cattle, removing confidence in his meat.

Alastair Macphie has a closed herd of pedigree Angus cattle near Stonehaven in Kincardineshire. When I called him he was looking at a flock of ewes, munching grass outside his office window.

He thought the tragedy

was caused by politicians who could not grasp the science and scientists who could not understand the political implications of what they said. No one could say where it would end. "Why, you can kill yourself with cigarettes or with drink," Macphie looked at the ewes again. "Will it be just beef?" he asked.

So is it goodbye to the roast beef of old England? What is to become of the carveries? Or the great roast in its trolley wheeled around the dining room at Simpson's-in-the-Strand, the cynosure of grill rooms up and down the land?

Bones are the foundation of all brown stock or *estouffade*, itself the basis for countless sauces which we all take for granted; which we all assume will be dished up when we go out to a restaurant for a good meal.

With one fell swoop our native culinary heritage is

'I shall relish the chance to go to Rome and order the famous oxtails'

sapped. The beef joint will now be as tasteless as the French roast: unhung, tough and boneless, wrapped in pig's fat, and lacking the flavour which derives from the generous bone. Think hard, if you have not considered the implications: oxtails or marrow bones, those great, warming, life-giving and enhancing winter staples, are no more.

Britain also has a foreign restaurant culture to think of, too: the veal chop and *ossobuco* at the Italian restaurant, the ribs and T-bone steaks at the American. These are also threatened with extinction, as a result of a move which is possibly a hasty overreaction, much like that which wiped out most traditional, unpasteurised British cheeses in the wake of the listeria scare in 1989.

I am lucky. For as much as a third of the year I am away, sampling the markets and cooking of a dozen different countries.

I shall now relish the chance to go to Rome and order the famous oxtails at the restaurants by the abbatoirs, *ossobuco* in Milan; the huge marbled beefsteaks of the new world; or the rich, grass-fed roasts I get over the water in Ireland.

But this is not the point. If these precipitate announcements are made law, I shall still lament, for the rest of my life, the passing of one of the choicer cuts of Britain's native culture.

FT

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INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS

Rijksmuseum
Tel: 31-20-673 2121
● Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, illustrating court life in the late Middle Ages. The book has temporarily been taken apart for restoration, providing the unique opportunity to view it in this way; to Jan 18
● On Country Roads and Fields: tracing the development of Dutch landscape painting through the 18th and 19th centuries, this exhibition starts with the idealised visions of De Moucheron and Van Huysum, includes examples of The Hague School post-1800, and concludes with turn-of-the-century works by Van Gogh and Mondrian; to Mar 3

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
● Ologues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carcen. Cast includes Joan Rodgers and Sheri Greenwald; Dec 7, 10

BARCELONA

EXHIBITIONS

Fundació Joan Miró
Tel: 34-3-329 1908
www.bcn.fjmiro.es
Alexander Calder: centenary celebration of work by the maker of mobiles. The show focuses on his close relationship with Miró; to Feb 15

BERLIN

DANCE

Deutsche Oper
Tel: 49-30-34384-01
Deutsche Oper Ballet: Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Dec 11

OPERA

Deutsche Oper
Tel: 49-30-34384-01
Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas Reinhardt; Dec 7, 8, 12

BOLOGNA

OPERA

Teatro Comunale
Tel: 39-51-529 999
www.nettuno.it/teatrocomunale
Turandot: by Puccini. Revival conducted by Daniele Gatti in a staging by Hugo de Ana; Dec 6, 7, 9, 11

BONN

EXHIBITIONS

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
Kunsthalle Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthalle Bremen. Ranges from 17th century Dutch painting to modern photography; to Jan 11

CHICAGO

OPERA

Lyrical Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
Amistad: world premiere of Anthony Davis's new work about the 19th century anti-slavery campaign. Dennis Russell Davies conducts a production by George C. Woolfe; Dec 8, 11

CLEVELAND

EXHIBITIONS

Cleveland Museum of Art
Tel: 1-216-421 7340
www.clema.org
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known "cloth of gold". To Jan 4, after which the exhibition will travel to New York

COPENHAGEN

EXHIBITIONS

Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
Alberto Savinio, Paintings 1927-1952: around 30 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico. His work combines abstract and figurative elements, and in many ways parallels de Chirico's own; to Jan 11

EDINBURGH

EXHIBITIONS

Scottish National Portrait Gallery
Tel: 44-131-624 6200
Portraits of Excellence: a series of photographs of distinguished academics at the University of Edinburgh, commissioned according to an 18th century University tradition; to Feb 1

FRANKFURT

EXHIBITIONS

Schirn Kunsthalle
Tel: 49-69-299 8820
Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16



'Standing Man', by Filippo Lippi, one of the drawings on display in an exhibition at the Metropolitan Museum of Art, New York

manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars. Its architecture and art reflect this shift, and illustrate a remarkable synthesis of Renaissance ideas with traditional Byzantine forms. To Mar 1, after which the exhibition will travel to London

HOUSTON

EXHIBITIONS

Museum of Fine Arts, Houston
Tel: 1-713-639 7750
The Dark Mirror: Picasso, Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked. The display includes studies of works in progress, self-portraits, and photographs of Rousseau and Braque. The exhibition has been seen in Paris and will travel to Japan; to Feb 1

LONDON

CONCERTS

Barbican Hall
Tel: 44-171-638 8891
Sarah Chang: recital by the violinist of a programme including works by Strauss and Brahms. With pianist Charles Abramovic; Dec 7

EXHIBITIONS

Barbican Centre
Tel: 44-171-638 8891
● Don McCullin - Sleeping With Ghosts: major retrospective of work by the photo-journalist which spans his career from 1959 to the present. Includes prints drawn from the major stories he covered, and more recent still lifes and landscapes; to Dec 14
● James Ensor 1860-1949: more than 140 works by the Belgian expressionist. Includes early studies of Ostend, portraits of the artist's family and friends, and the carnival paintings for which he is best known; to Dec 14

Hayward Gallery

Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

National Gallery

National Gallery
Tel: 44-171-839 3321
Makings & Meanings: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and religious background; to Feb 1

National Portrait Gallery

National Portrait Gallery
Tel: 44-171-3080055

● Bruce Weber: first major museum retrospective devoted to Weber's portraits, this show includes some 200 prints, of subjects ranging from young Hollywood stars to the Duchess of Devonshire; to Feb 15
● Glenys Barton: selection of ceramic heads and portraits by the British sculptor; to Jan 11

● Hyman in Petticoats: Mary Wollstonecraft & Mary Shelley. Celebration of the joint bicentenary of the two women writers, the birth of the latter having caused her mother's death. Through portraiture, drawings and manuscripts the display examines their lives, times and writings; to Feb 15
● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

Royal Academy of Arts

Royal Academy of Arts
Tel: 44-171-439 7438
● Sensation: Young British Artists from The Satchel Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28
● Victorian Fairy Painting: exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the First World War. The exhibition will travel to the US next year; to Feb 8

Tate Gallery

Tate Gallery
Tel: 44-171-887 8000
The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18

Victoria and Albert Museum

Victoria and Albert Museum
Tel: 44-171-938 8500
Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; to Jan 18

OPERA

English National Opera, London Coliseum
Tel: 44-171-632 8300
The Magic Flute: by Mozart. Nicholas Hytner's production, revived by David Ritch and conducted by Christopher Moulds; Dec 8

Shaftesbury Theatre

Shaftesbury Theatre
Tel: 44-171-373 5399
● The Royal Opera: Il barbiere di Siviglia, by Rossini. New production staged by Nigel Lowery; Dec 8
● The Royal Opera: Faust, by Gounod. New production staged by Francesca Zambello and conducted by Richard Hickox; Dec 10, 11

THEATRE

Lyric Theatre, Shaftesbury Avenue

Lyric Theatre, Shaftesbury Avenue
Tel: 44-171-494 5045
Cyrano de Bergerac: by Edmond Rostand, translated and adapted by Anthony Burgess. West End transfer of the RSC production, starring Antony Sher and directed by Gregory Doran; to May 30

Riverside Studios

Riverside Studios
Tel: 44-181-741 2255
Oh Les Beaux Jours: by Samuel Beckett (1981). Peter Brook directs Beckett's French language version of Happy Days; Dec 6

MADRID

EXHIBITIONS

Fundació 'la Caixa'
Tel: 34-1-435 4833
● Joaquim Mir, 1873-1940: A Life's Journey. Retrospective of around 140 works by the landscape painter; to Jan 25
● Martín Puryear: first European retrospective of the American sculptor, b.1941. The display comprises around 40 works produced since the mid-1970s; to Jan 11

Museo Nacional Centro de Arte Reina Sofia

Museo Nacional Centro de Arte Reina Sofia
Tel: 34-1-467 5062
Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist. The exhibition will emphasise the artist's relationship with architects, as well as his work for the ballet and cinema. Previously seen in Paris, the exhibition will transfer to New York; to Jan 12

MANCHESTER

CONCERT

Bridgewater Hall
Tel: 44-161-607 9000
Tosca: by Puccini. Concert performance given by the Hallé Orchestra and The European Opera in their first collaboration; Kent Nagano conducts; Dec 10, 11, 14

MILAN

EXHIBITIONS

Fondazione Antonio Mazzotta
Tel: 39-2-878 197
Kandinsky: display of more than 100 works, including several major paintings; to Jan 11

OPERA

Teatro alla Scala
Tel: 39-2-88791
Macbeth: by Verdi. Conducted by Riccardo Muti in a staging by Graham Vick, with designs by Maria Bjornson. Casts vary; look out for Maria Guleghina and Roberto Alagna; Dec 7, 10, 13

NEW YORK

DANCE

New York City Ballet, New York

State Theater

State Theater
Tel: 1-212-870 5570
George Balanchine's The Nutcracker; Dec 8, 7, 9, 10, 11, 12

EXHIBITIONS

Brooklyn Museum of Art

Brooklyn Museum of Art
Tel: 1-718-638 5000
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air, it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several European journeys made by the painter; to Jan 4

Metropolitan Museum of Art

Tel: 1-212-879 5500

www.metmuseum.org

● Drawings of Filippino Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world. Raphael and Botticelli, whose assistant Lippi was, are also represented; to Jan 11
● Gianni Versace: this tribute to the late Italian designer explores the influences upon his work of abstract artists including Warhol, and of historical styles ranging from Greek and Roman classicism to 18th century court styles, and the Vienna Secession. The show also explores his use of new materials such as plastic and leather, and includes designs for the theatre; from Dec 11 to Mar 22

● Jackson Pollock (1912-1956): Early Sketchbooks and Drawings. Display of 48 rarely seen pages from the Abstract Expressionist's sketchbooks, and 24 drawings. Includes studies and portraits; to Feb 8

Museum of Modern Art

Tel: 1-212-708 9480

www.moma.org

● Achille Castiglioni: Design! First US

retrospective of the Italian architect and designer; to Jan 6

● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4

Pierpoint Morgan Library

Tel: 1-212-685 0008

● Deadly Enemies: Aaron Burr and Alexander Hamilton. Display of letters by the arch political rivals, whose mutual enmity resulted in a duel and the latter's death; to Mar 7
● Romanticism to Realism - 19th Century German Drawings: survey of 50 works from the collection, including drawings by Caspar David Friedrich and watercolours by Adolph Menzel; to Jan 4

Whitney Museum of American Art

Tel: 1-212-3272801

● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries; to Jan 18

● The Warhol Look/Glamour Style: Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s, and also including works by his contemporaries; to Jan 18

OPERA

Metropolitan Opera, Lincoln Center

Tel: 1-212-362 6000

www.metopera.org

● La Clemenza di Tito: by Mozart.

Conducted by James Levine in a staging by Jean-Pierre Ponnelle. Cast includes Anne Sofie von Otter and Anthony Rolfe Johnson; Dec 6

● The Rake's Progress: by Stravinsky.

New production by Jonathan Miller, conducted by James Levine. Cast includes Dawn Upshaw and Samuel Ramey; Dec 6, 11

PARIS

CONCERTS

Salle Pleyel

Tel: 33-1-4561 6589

● Orchestre de Paris: conducted by

Wolfgang Sawallisch in works by Beethoven. With soprano Eva Mei, tenor David Kübler, bass Jan-Hendrik Rootering and Choir led by Arthur Oldham; Dec 6

● Orchestre de Paris: conducted by

Wolfgang Sawallisch in works by Beethoven. With piano soloist Radu Lupu, soprano Luba Orgonova, mezzo-soprano Marianne Roehrlin, tenor Herbert Lippert, and bass René Frenay. Choir led by Arthur Oldham; Dec 10, 11

EXHIBITIONS

Musée du Louvre

Tel: 33-1-4020 5151

www.louvre.fr

● Etchings from the Low Countries:

display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5

● Pajou, sculpteur du Roi: first

retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis XVI. The display includes Pajou's five most famous marble statues, portrait busts, and a large number of drawings including designs for the opera at Versailles. The exhibition will travel to New York; to Jan 18

OPERA

Opéra National de Paris, Opéra Bastille

Tel: 33-1-4473 1300

Der Rosenkavalier: by Strauss. New

production conducted by Edo de Waart in a staging by Herbert Wernicke. Cast includes Renée Fleming, Susan Graham and Barbara Bonney; Dec 8, 11

Opéra National de Paris, Palais Garnier

Tel: 33-1-43439696

The Merry Widow: by Franz Lehár.

Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 8, 9, 11

Théâtre des Champs Elysées

Tel: 33-1-49526050

● Fidelio: by Beethoven. Production

staged by Patrice Chaurier and Moshe Leiser, with the Orchestre des Champs-Élysées and the Choir of the Welsh National Opera. Conducted by Louis Langrée; Dec 9, 12

● Leonore: by Beethoven. Production

staged by Patrice Chaurier and Moshe Leiser, with the Orchestre des Champs-Élysées and the Choir of the Welsh National Opera; Dec 10

ROME

EXHIBITIONS

Musei Capitolini

Henri Matisse: more than 200 works

are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist. Works by Matisse are displayed alongside examples of Islamic and Byzantine art; to Jan 20

Palazzo Ruspoli

Tel: 39-6-6830 7344

www.palazzoruspoli.it

Mummy Portraits: previously shown at

the British Museum in London, this exhibition contains nearly 200 portraits. Painted on wooden panels, linen shrouds, cartonnage or three-dimensional plaster masks, the portraits were created during the first three centuries of Roman rule in Egypt; to Feb 28

Palazzo Venezia

Tel: 39-6-6999 4259

Pietro da Cortona (1597-1669):

celebrating the 400th anniversary of the birth of the Italian baroque artist, this retrospective comprises around 100 paintings, as well as architectural drawings and a group of sculptures; to Feb 10

SAN FRANCISCO

OPERA

San Francisco Opera, War Memorial

Opera House

Tel: 1-415-864 3330

www.sfoopera.com

● Eugene Onegin: by Tchaikovsky.

Yuri Temirkanov conducts his 1980s Kirov Opera production, with a cast including Anthony Michaels-Moore; Dec 7

● Rigoletto: by Verdi. Conducted by

Patrick Summers in a production by Mark Lamos, with sets by Michael Yeargan; Dec 6

TOKYO

EXHIBITIONS

Museum of Contemporary Art

Tel: 81-3-5245 4111

Loans from the Centre Georges

Pompidou: selection of 127 works from the Musée National d'Art Moderne in Paris, on loan while it is refurbished. Artists represented include Matisse, Chagall, Picasso and Tinguely; to Dec 14

VIENNA

EXHIBITIONS

Kunstforum der Bank Austria

Tel: 43-1-533 2266

Art and insanity: wideranging survey of

the relationship between madness and the visual arts, from the Baroque to the modern. The 350 works on display include Géricault's portraits of the mentally ill, and a selection of works by psychotic and schizophrenic artists; ends on Monday

Kunsthistorisches Museum

Tel: 43-1-525240

Pieter Bruegel and Jan Brueghel:

comprehensive survey of the art of the two sons of Pieter Bruegel the Elder. Includes around 130 paintings and 20 works on paper by Jan Brueghel the Elder (1568-1625) and his less celebrated brother Pieter Brueghel the Younger (1564-1637/8). The exhibition also includes a dozen important works by their father, enabling visitors to trace his influence upon the technique of his sons; from Dec 7 to Apr 14

WASHINGTON

CONCERTS

Kennedy Center

Tel: 1-202-467 4800

● Kennedy Center Honors: benefit

gala attended by the President and First Lady. This year's honorees are Lauren Bacall, Bob Dylan, Charlton Heston, Jesse Norman and Edward Villella. Opera House; Dec 7 (by invitation only)

● National Symphony Orchestra:

conducted by Maximilian Valdes in works by Glinka, Puccini, Verdi and Prokofiev; Concert Hall; Dec 6

● National Symphony Orchestra

Baroque and Before Festival: Jose Luis Garcia conducts works by Bach; Terrace Theater; Dec 9, 10, 11

DANCE

Kennedy Center

Tel: 1-202-467 4800

Joffrey Ballet of Chicago: programme

includes L'Après-midi d'un faune, Parade, Ketterantz and L'Air D'Esprit; Opera House; Dec 9, 10

Weekend Investor

Wall Street

All eyes look to corporate earnings

Next month's figures will show the effects of Asia's crisis, writes John Authers

Reality is in the air of downtown Manhattan. While Asian economies continued their frightening downward rush this week, the most talked-about financial story was the messy divorce settlement hammered out for the chief executive of General Electric Capital.

On Monday, the news of a buy-out for South Korea, one of the world's biggest economies, was juxtaposed with a rally which took the benchmark Dow Jones Industrial Average back above the 8,000 mark for the first time in two months.

While equities are still not quite back at their highs, they are getting close. Barely a month later, the horrors of the last week of October seem only a bad memory.

The week also brought news that market authorities had decided against radical changes to the "circuit-breakers" which forced the New York Stock Exchange to close twice in October - first, after the Dow had fallen by 350 points, and again when it had fallen by 550 points. There will be changes, but they will be minimal.

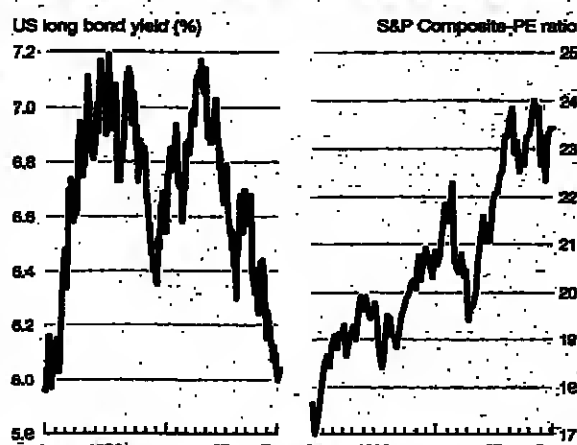
The safeguards against another rush of selling remain broadly in place. Bid rumours continued to whizz around Wall Street as though nothing had ever happened. Wells Fargo's shares bounced up by 5 per cent after an analyst's comment that he would look at takeover offers (it would be illegal for him to do otherwise), while shares in Ascend Communications, a networking company, enjoyed a similar run.

Does this mean Wall Street has taken leave of its senses? Not necessarily, but there are still reasons for concern.

Asset allocation provides a powerful support for the equity market, and appears to provide an effective crutch against the oft-predicted sudden tumble in share prices. But economic and corporate fundamentals also apply strong brakes on any attempts to regain the bullish momentum seen in recent weeks.

US equities' most stalwart ally is the bond market. The

Falling bond yields boost share valuations



most important landmark of the week, although one of the least headlined, came on Thursday morning when the yield on the 30-year Treasury long bond dipped briefly below 6 per cent. It stayed at this level for only about an hour before profit-taking ensued.

Yesterday's unemployment figures, further strengthening the labour market - and, by implication, increasing the risk that the economy would overheat - then pushed the yield back above 6.1 per cent. But the fundamental strength of the bond market persists, and provides invaluable support for equities.

Oddly, dealers may have the Asian crisis to thank for the strong bond market. The latest economic data would have made a monetary tightening by the Federal Reserve a near certainty if there had not been speculation that falling demand from Asia would impose a deflationary drag on the US.

Supply effects may also be at work. While, at first, there was speculation that Asian investors would need liquidity and might be forced to sell their large US bond holdings, the effect could almost be working in the opposite direction, with treasuries benefiting from an international "flight to quality".

None of this means we should expect a return to barn-storming rises in equity prices, though. The bond market rally might already be petering out, and certainly cannot be expected to persist for long.

Then, too, corporate funda-

mentals are another fly in the ointment. The bull market of the past three years has been aided by truly phenomenal growth in the high-technology sector. Several factors - not all of them emanating from south-east Asia - suggest this growth cannot be relied upon to continue.

Intel, the world's largest semiconductor manufacturer and the market's bellwether stock of recent years, is still trading about 20 per cent below its highs set in late summer. 3Com, the networking company, which started the year trading at above \$80, is now resolutely below \$40. On the face of it, there is little fuel in Silicon Valley for a renewed bull market buying spree.

Of course, growth has not been restricted to the high-tech sector, and corporate earnings more generally provide the key to the direction of the market for the next few months. Next year is expected to be slower than this, and this quarter is expected to be weaker than its predecessors, but there is great uncertainty about the precise numbers.

Next month's season of corporate earnings' announcements, which will provide the first conclusive evidence of the effect of the Asian crisis, now looks very important.

Dow Jones Ind Average	
Monday	8,013.11 + 180.88
Tuesday	8,018.83 + 5.72
Wednesday	8,032.01 + 13.18
Thursday	8,050.16 + 18.15
Friday	

London

It can be a wonderful life

Awakening, Philip Coggan shakes off a nightmare

Relax. It was all a bad dream. You thought that share prices had dipped sharply and the bull market was under threat. But take a look in the paper. The FTSE 100 index is back above 5,000, just like it used to be.

There has been a quite astonishing change of mood in London. The worries about global deflation, or indeed, of UK inflationary pressures, which hit equities in October, seem to have been put to the back of investors' minds.

Two of the market's favourite standbys - take-over activity and share buy-backs - helped do the trick. Back at the start of October, there was a wave of merger activity across Europe, with many analysts speculating that the approach of a single currency was prompting businesses to seek continent-wide economies of scale.

The market turmoil at the

end of October prompted a hiatus in activity. But recently the bids have started to buzz again.

The financial sector remains the favourite for consolidation, and speculation was sweeping through the insurance stocks this week, with the recently floated Norwich Union a favoured target.

On a less grandiose scale, there are signs that some of the medium-sized corporations, struggling in the face of global competition and the strength of sterling, are being snapped up.

Watnoughs, the printing group, was on the end of an unsolicited bid from Quebecor, the second largest commercial printer in North America, this week; the chemicals sector has seen an offer for Allied Colloids and takeover talks at Holiday Chemical.

Bids not only drive up the prices of the companies concerned (or, at least, of the



Relax, the bad dreams have departed - for now. Photograph: Noel

back in," says Mark Tinker, UK equity strategist at UBS. With valuations also supporting the market, he sees Footsie at 5,600 by end 1998.

One bullish fund manager is John Ainsworth, head of global equities at Hill Samuel Asset Management. He expects Footsie to hit 6,000 by end 1998, as interest rates fall back from their peak and the UK corporate sector switches from equity to debt (ie, buys back its own shares) in order to create a more highly geared balance sheet.

On top of the helpful domestic news - which included the decision of the monetary policy committee not to raise rates - the stock market also received a lift from overseas.

Although the problems of Asia are far from resolved, confidence seems to be returning to international markets. The DAX index in Frankfurt has just regained 4,000 and the Dow Jones Industrial Average 8,000.

The 30-year Treasury bond yield dipped briefly below 6 per cent on Thursday, although that was sharply reversed yesterday when the US employment data turned out to be much stronger than expected, reviving fears that the Federal Reserve would raise interest rates.

There still are some lingering worries about the effect of the Asian crisis on corporate earnings. Some companies will be directly affected, in the form of a drop in sales to the region; others will take an indirect hit, as Asian corporations launch an export

drive into international markets, with the help of devalued currencies.

BTR, a company with a rather unfortunate habit of making profit warnings, cited economic downturns in Asia and Latin America for its latest dose of bad news yesterday.

The Coppedick indicator, a technical measure designed to pick buying points for long term investors, has turned down again. Strictly speaking, this is not a signal of any kind; Coppedick only applies under clearly defined conditions, when the indicator is below zero and turns up.

This last happened at the end of April 1995, when the FTSE 100 index was 3,216.7. That turned out to be a very good signal, indeed. Footsie has not since ended a month below that level and, at its early October peak, was 66.9 per cent ahead of it.

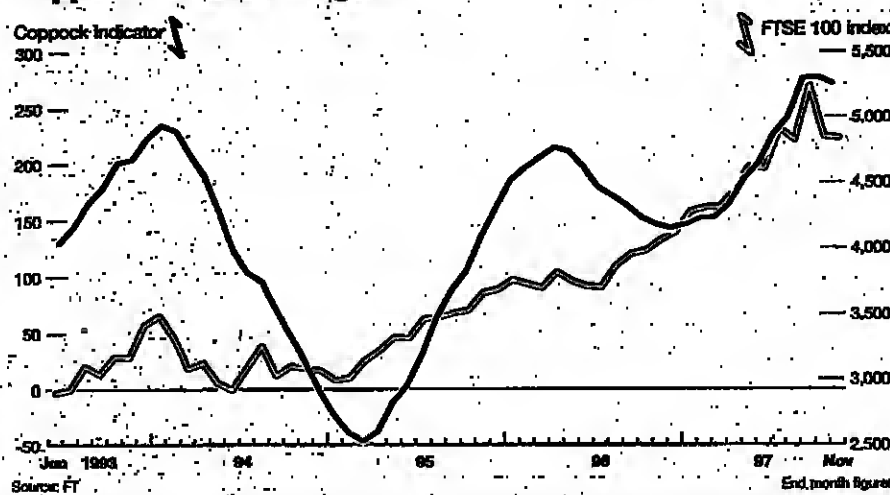
After April 1995, Coppedick kept rising until May 1996, when it turned down, with Footsie at 3,747.8. However, its drop was quite small and the indicator turned up again in January this year, with Footsie at 4,275.8. Clearly, therefore, the mere fact of the indicator turning down cannot be relied on as a useful sell signal.

The indicator is calculated by using the difference between an index's current level and its level 11 and 14 months ago.

It gives buy signals only rarely, and another such signal is unlikely for some time.

philip.coggan@ft.com

Coppedick turns down again



Highlights of the week

	Price	Change	52 week	52 week	
	YTD		High	Low	
FTSE 100 Index	5,142.8	+311.1	5,330.8	3,963.0	Takeover speculation
AEA Technology	480	+4.4%	525	357	Strong results
Dalrymple	287	+3.1%	308%	217%	Bid speculation
Darby Group	154%	+12	296%	142	Improved profits
FirstBus	218%	-15	255	184%	Profit-taking after good run
General Accident	1130	+167	1,157%	685%	Takeover talk
Merryllyn	65%	+15%	112%	49%	Receptive approach
P & O	679%	+38%	731	671%	Bovis fleet
Railtrack	1091	+89	1,115	539	Positive broker comment
Reed International	616%	-14	648	506%	Cautious outlook
Sage Group	300	+38%	815	495	Fortcoming IT index
Siebo	1242	+165	1,333%	887	Strong results
Smith Barney	634	-84	645%	384%	US buying
Standard Chartered	758	+100%	1,000%	592%	Asian recovery
Williams	350%	+25%	394%	294%	Bullish trading statement



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Barry Riley

Dividends in doubt

Is investment income now on the way out?

It is an income squeeze. As share and bond prices rise in the UK and other western economies this week, in response to the vast quantities of liquidity being pumped into Asia, investment income has dropped. Existing investors are cushioned by capital profits, but new ones will be exposed.

The average gross dividend yield in the UK equity market has shrunk to 3.3 per cent, but a pre-tax yield is now an outdated concept in the UK. A pension fund receives only 2.7 per cent, and a private, 40 per cent taxpayer just 2 per cent.

In long-term British government bonds, the apparent yield is 6.4 per cent, reducing to 3.3 per cent after tax, in real terms, though, it is much worse than this because inflation has begun to rise again. The Treasury forecasts that underlying inflation (excluding mortgage interest rates) will be 3 per cent over the next year and will not fall below 2.5 per cent by 2000. Headline inflation, in fact, is already 3.7 per cent and is quite likely to exceed 4 per cent for a time in 1998.

Allowing for inflation, the prospective income for higher rate taxpayers is, therefore, negligible. Careless fixed income investors can easily do much worse because most gilt-edged bonds now stand well above par. If you take Treasury 11% per cent 2009-07 as an example, the higher rate taxpayer will incur a negative real return over the next year. Such a bond priced more than 20 per cent above par

represents a disastrous mechanism for turning capital into taxed income.

It is about time gilts were restructured in order to avoid the worst of this trap. But then, investors should not doubt be well advised. Those nearing retirement, though, cannot so easily avoid the annuity trap whereby large personal pension funds will only buy small pensions. This problem could get

still worse as Gordon Brown, the chancellor, drives down the budget deficit, eliminates new gilt issues and benefits from falling bond yields around the world.

This week, too, Brown declared a formal death sentence for two of Middle England's shelters against income tax. The personal equity plan (Pep) - which, in spite of its name, can also hold corporate fixed income bonds - is to be scrapped in April 1998, along with the bank or building society tax-exempt special savings account (Tessa). Untaxed yields of 7 per cent have been available from these products. Their inadequate replacement will be the individual savings account (ISA), into which only £50,000 of Pep and Tessa assets can be rolled.

Brown has already launched an assault against pension schemes, including personal plans. In July, he stripped them

of their right to reclaim tax on dividends, thereby cutting their yield on UK equities by 0.7 percentage points. Soon, he may disallow higher rate relief on contributions, reducing the appeal of pension plans still further (although the promised retention of this relief for ISAs gives grounds for optimism).

True, there is the option of short-term savings accounts. Some of these now return 7 per

cent or more. This week, the Bank of England decided not to raise money market rates from 7.25 per cent, but market operators are assuming 7.5 and 7.75 per cent in the months ahead as battle is joined to halt the UK's lopsided boom. But remaining in short-term accounts can be a trap if the long-term markets are strong.

By the time money market rates come down again, share and bond prices could be much higher.

It is, on the face of it, perverse that a government set on "burying short-termism" should now be rewarding short-term depositors. Is the UK's inflation problem just another temporary hiccup, or a manifestation of long-standing national monetary indiscipline and an indifference to the concerns of bond investors? Another Labour chancellor, Hugh Dalton, once succeeded in forcing long-dated

gilt yields down to 2.5 per cent but, in the process, destroyed the reputation of British government bonds as long-term investments.

As investment income shrivels, we can look for precedents in the US where the squeeze on equity income is even more severe as the market dividend yield sinks below 1.5 per cent. The Americans, however, have developed the concept of high yield bonds so that, for a modest (if you are lucky) risk, investors can enjoy much higher yields. Credit risks can be diversified, and the US tax system gives a big incentive for companies to pay interest rather than dividends.

Much the same sort of tax structure will apply to companies in the UK from April 1998. It will make sense for them to gear up their balance sheets and buy back substantial proportions of their shares. Dividends are coming in for a fundamental rethink following the pension funds' loss of tax clawback rights and the government's decision to abolish advance corporation tax in April 1999. Already, year-on-year dividend growth has slowed to under 5 per cent, from 9 per cent last spring, and payouts could be static next year. Smart companies may even want to slash the dividends; shareholders could then be offered partial switches into corporate bonds, because this would be more tax-efficient. Income-dependent investors, however, should get ready to tighten their belts.

Offshore managed funds and UK managed funds are listed in Section One

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FT WEEKEND

True Fiction

The 100-year war of words

Arnie Wilson finds his literary mentor is angry at the growing sophistication of language

Lazarus Woolson, my literary mentor, becomes unsettled every time a revised dictionary is published. He knows he must yet again acquaint himself with an ever-changing vernacular which he feels is gradually adulterating and trivialising the language from which he has scratched a living as a writer since limping back from Salonika, permanently weakened by malaria, in 1918.

"The language is becoming more and more sophisticated," he grumbled to me a day or so ago. Of course, he did not mean it as a compliment.

"Sophisticated - derived from sophistry," he said, as I sat in his gloomy and rather shabby study in London's Grape Street, swigging on my Hooper's Hoosh Alepop. "In my day it meant adulterated, impure, not genuine. And sophistication was defined as injuring by mixture."

I did remember something of the sort from my moderate

schooling, but even in the pre-Hovercraft days of 1958, this was merely of academic interest.

With the new millennium almost upon us, Larry is particularly anxious. At 96, little short of his personal century, he found the recent attempt by Collins Dictionaries to define the 20th century in 100 words - using keywords such as suffragette, jazz and girl guide - utterly depressing.

He sought comfort in his first edition (1898) of Chambers - a prize at Mercer's School - for a nostalgic reunion with the language he loved so much he thought it would never desert him. "Look at this, Arnold," he

barked in a still-resonant baritone. (He is one of the few friends I allow to address me thus.)

"Declate - another word that has now completed a slipshod transformation. When I started writing after the first war, it meant to take nine-tenths of, or to put to death nine to every 10 men. Today's ignorammuses use it to mean something tiny."

"Thank God for the Oxford Dictionary. At least it has the integrity to note that this usage is often frowned upon by careful users of English. But for how much longer?"

"Unfortunately. Thomas Davidson, the editor of my old

Chambers, was spot on when he wrote it was not for an editor to judge whether a word was to be added to the treasury of English, 'but merely to register such words... hence he must admit many words he would not himself use'.

"But he would have turned in his grave if he could have seen some of the ghastly words in use today." Warming to his task, Lazarus leafed through the pages. "Look at this," he said. "Air-space. What d'you think that meant in 1898?"

I shrugged.

"I'll tell you: it was the cubic content of a room, hospital ward or the like, with reference to

the respirable air in it."

Turning again at random, he alighted on "orient", a word of many meanings. Larry focused on the one concerned with adjusting to circumstances and told me it had a sporting origin.

Leyton Orient, the east London football club, had once been a French team called Orient, he explained. During this time, it had been hopelessly unsuccessful, provoking jokes about who put the "rien" and "O" in Orient. "And this is how we got the word 'disorientated'."

Trepanning was a surprise too. "Look," said Larry. "It's also from the French: *tré* and *pain*. Very broken down. Often

applied to the brain. So when they started drilling holes in skulls, it became trepanning."

A word he particularly loved as a young man was contraband - something he did often and with a passion. The old Chambers defined it thus: "To perform, musically, with other or others; especially accompanied piano playing."

Writer, pianist: Larry was an accomplished youth. But his talents and enthusiasms were many and varied. He loved equestrianism. "A game played on horseback on a large squared grid; old English equestrian game played with fence posts in a squared field or area"; he

savoured fine food and wine, especially mullock ("Meat of the chosen lamb") and corley ("Fermented juice of fruits of the hedges").

"I haven't seen or heard of corley for half a century," said Larry. "But I believe there are some parts of the world where you can still find mullock - not that I shall be looking, with my digestion shot to bits."

I picked up the great book and alighted on "blue-stocking" - "A name given to learned and literary ladies who display their acquirements in a vain and pedantic manner to the neglect of womanly graces."

"A bit sexist in your day, weren't they, Larry?"

"Sexist?" he burred. "Another of your ghastly *fin de siècle* words."

"Fin de siècle? Larry," I said, "that means the end of the 19th century, not the 20th." Even mentors occasionally get their come-uppance (orig: hangman's entreaty to the condemned).

Metropolis

The leafy avenue and its thickening plot

Alice Rawsthorn reports on a clash between modernism and mock

With the manicured greens of Highgate Golf Course at one end, and Hampstead Heath at the other, Courtenay Avenue is one of north London's most expensive residential addresses. Its affluent residents include the Zambian high commissioner and the owner of Le Caprice, the chic Mayfair restaurant.

One of the older houses on the avenue is Blue Orchard and when it was sold a year ago, its new owners, Yoram Amiga, a successful commodities broker, and his lawyer wife, Sabina, sounded as though they would blend seamlessly into the area.

As Blue Orchard, a late 1930s four farmhouse with a swimming pool and tennis court, had been rented to tenants for a few years, the neighbours were not surprised to hear that the Amigas planned to do some work on it.

Then they heard that the "work" consisted of demolishing the old house, for which the Amigas would have paid nearly £2m, and spending roughly the same amount on building a new one.

A mile or so away, in the Camden Town studio of architect Ron Arad, stands a model of the house in which the Amigas want to live.

Moulded from the same honeycomb aluminium as Jumbo jet floors, with a prefabricated roof, the house is an uncompromising slice of modernism. It looks as though it belongs on a sci-fi *Thunderbirds* stage set, rather than among the leafy gables of north London. Most of the Amiga's future neighbours have signed a petition against it.

On Tuesday, Haringey Council's planning committee will

decide whether the Amigas can demolish Blue Orchard, and build the house Ron Arad has designed for them.

It is an unusual issue for the committee. Haringey sprawls across a stretch of north London dominated by semi-detached and terraced houses. Applications to tear down properties, especially ones costing a couple of million pounds, to construct iconoclastic examples of contemporary architecture are virtually unheard of there.

But Haringey's planners, and their peers in other boroughs, may see more projects like the Amigas' in future. House design is moving up the architectural agenda, following predictions that 4.4m new households will be formed in Britain between 1991 and 2016. Amid this flurry of house-building, more people may want to construct their own homes.

Buying a plot of land to build a house is commonplace in the US. The Hollywood Hills glisten with modernist mansions designed by Richard Neutra, Frank Lloyd Wright or Frank Gehry for affluent Angelenos to whom commissioning a house from an avant garde architect is the ultimate status symbol.

Yet wealthy Britons, even those who have made their own money, tend to live in historic buildings, or in reconstructions of traditional architectural styles associated with old money.

Courtenay Avenue is typical. The first houses were built in the late 1920s, when domestic architecture elsewhere in Europe was influenced by the teachings of the Bauhaus and Le Corbusier's purist villas. Courtenay's residents plumped for the *faux* farmhouse style of the Arts and Crafts



Ron Arad's design for the Amigas: it has been called 'arrogant and insensitive' and 'imaginative and innovative'



Blue Orchard: faux farmhouse faced with demolition

Lydia van der Meer

movement that had dominated British aesthetics for decades.

During the 1990s, this area around the avenue became the fulcrum for Britain's fragile modernist movement. Berthold Lubetkin built the Highpoint apartment blocks in nearby Highgate. Wells Coates' Lawn Road Flats on the south side of Hampstead Heath housed the Bauhaus émigrés - Walter Gropius, Marcel Breuer and László Moholy-Nagy

after they fled to Britain from Nazi Germany.

In spite of this, Courtenay Avenue has remained a bastion of architectural traditionalism. Whenever any of the original houses were rebuilt or remodelled, their owners reconstructed them in mock-medieval, neo-classical, mock-Gothic or other pastiche of the past. When the avenue became a conservation area, it was to protect its ancient

trees, rather than the buildings. It was this natural, leafy beauty that attracted the Amigas.

They had asked Ron Arad to design a home for them in 1995 after admiring his foyer at Tel Aviv opera house.

With paint-stained fingers and absent-minded holes in his clothes, Arad looks more like an artist than an architect, and he views architecture as a form of personal expression.

At 46, with a Royal College of Art professorship and the prestigious Tel Aviv project and the Adidas Sports Centre in France on his curriculum vitae, he can afford to be picky about commissions. Arad told the Amigas that he was only interested in designing houses if he was allowed to be experimental. They agreed.

Like all homes built specifically for their occupants, there is a Trollopeque *The Way We Live Now* element to the Amigas' design. The two children of Mr Amiga's first marriage would have rooms on the lower floor. The master bedroom would have an adjacent study so that Mr Amiga need never be too far from his trading screen. The bedrooms

of the children by his second marriage would be on the floor above.

Ron Arad completed the design this spring and it was submitted to Haringey Council, where Courtenay Avenue's residents could inspect it. John Seifert, an architect living in a mock-medieval house opposite Blue Orchard, circulated a letter criticising Arad's "arrogant and insensitive" design, likening it to "a broken egg". He asked his neighbours to sign a petition of protest and almost all of them did.

The Amigas invited the residents to Blue Orchard to discuss their plans in detail. Only four people turned up. One of them subsequently withdrew from the petition and another wrote to Haringey council qualifying the original complaint.

Arad and the Amigas have had more luck with the architectural and heritage establishment. The Twentieth Century Society, the custodian of the century's architectural treasures, has informed Haringey that it sees no reason to oppose Blue Orchard's demolition. And after dispatching members of its London Advisory Com-

mittee to inspect the site, English Heritage voted unanimously in favour of supporting Arad's "imaginative and innovative" design.

Haringey's planners now face the tricky task of balancing the various arguments for and against the Amigas' proposals. Whatever they decide will set an important precedent not only for Haringey, but for any other boroughs that may have to assess similar proposals in the future.

It is also bound to influence other affluent Britons who, like the Amigas, might like to commission a futuristic home from a contemporary architect but are deterred by the threat of planning battles.

As for Yoram and Sabina Amiga, they must decide whether they want to become neighbours of the people who have mounted such a campaign against them.

If not, they do at least have the consolation that they could sell at a profit. According to local estate agents, the asking price for a house such as Blue Orchard has risen by a couple of hundred thousand pounds in the year since the Amigas bought it.

Arcadia

Where buffalo meets motorcycle

Jeremy Grant reports on how Vietnam's march to modernisation is trampling on peasant life

Just a few minutes out of Hanoi, where the motorcycle traffic thins and the buffalo carts take over, two worlds are colliding.

On the right-hand side of the road is the vast Orion-Hanel electronics factory, a joint venture between Daewoo and the Hanoi municipal council. A guard tower meases visitors at the entrance gate. Inside, shiny black limousines are parked neatly by a clipped grassy verge. Not a soul is about.

On the other side of the road, the rice fields of Gia Thụy commune remain much as they have been for centuries, marred only by the occasional advertising billboard that has taken root alongside the lush green paddy. Chickens cluck and scrape in the narrow, walled lanes that separate each household. An old woman in a traditional conical hat takes straw drying on the path. She smiles, revealing a row of teeth stained with the brick red of betel nuts.

Here, on the city fringes, is the ruling Communist party's crude vision of progress. "Industrialisation and modernisation", satellite technology, computers and smokestacks. Propaganda posters, in socialist realist style,

portray electricity pylons, satellite dishes and factories looming behind model citizens, the man in a western suit and matching tie; the woman in the flowing traditional *ao dai*. (No one seems to notice the irony: satellite dishes are banned in Vietnam, except for official use.)

Underpinning the drive is the Communist party's desire to ensure Vietnam is not left behind in the race for economic prosperity in Asia - a vision undimmed despite the recent regional economic turmoil.

"We want quickly to have electrification, roads, a water system and communications and colour televisions," said an excited Du Muoi party general secretary, recently.

But turning that vision into reality will not be easy. The gap between urban rich and rural poor has widened to a chasm. And the party's push for growth has already started to disrupt

communities, many of them only a few kilometres outside the city limits, that cling to deeply rooted ancestral rights.

Farmers, who make up 80 per cent of the population, still respect those rights, complicating land tenure in a country where the party says all land is owned by the state.

Early this year, hundreds of rock-wielding peasants battled with police in maize fields between Hanoi and the city's airport in a bid to stop an army crew ploughing up their fields for a golf course, planned by Daewoo.

Exasperated by the lack of channels for redress of grievances - trust in state institutions is almost nil - they had erected a sign at the village gate appealing directly to the prime minister, much as a community might have appealed over the heads of local mandarins to the emperor centuries ago.

As the bulldozers advance and the rural population swells, the danger of further unrest grows. Cultivable land is shrinking at an alarming rate. According to the United Nations Population Fund, 13 people share one cultivated

It is hard to tell whether his acceptance of change is genuine - as we are not alone

hectare in Vietnam. But in India, the same number of people share five hectares and in China, 11 hectares. Migration from the countryside to the cities is growing as land is parcelled out for industrial use, often without first consulting the people living on it.

But it is when local party officials routinely pocket the compensation due to those who have had to make way for factory or office blocks that this trouble really starts.

In late May, thousands of farmers in Thai Binh, a province only 80km south-east of Hanoi and the cradle of the communist revolution, protested violently against corrupt local officials. Frustration was already high at the levying of arbitrary taxes by officials, a common grievance against French colonialists in the 1930s.

The unrest spread to neighbouring provinces but state censors ensured that news did not spread far. Foreign reporters were banned from the area.

Tran Dinh Tho, a wiry 56-year-old farmer, offers bitter green tea in his simple home in Gia Thụy. A portrait of Uncle Ho (Chi Minh) hangs above a small shrine of joss sticks and a bowl of oranges. On the TV, Vietnam is

losing a game of nethall to Thailand. He says he has lost out as factories have encroached on old family land. "But it's part of the policy of the government to open up new industrial parks. I'm happy about that."

Whether his meek acceptance of the status quo is genuine is hard to ascertain, for my translator and I are not alone in the room. Five local officials are sitting in on the proceedings. One, dressed in the intimidating green uniform of the interior ministry police, sits scribbling notes.

Across the way, Tran Thi Hien, a handsome woman in her late 50s, takes a break from working her small garden plot. She is worried about pollution from the factory, but seems to have few other complaints.

The family has been doing well since her son got a job on the factory night shift, checking assembled TV tubes. Not long into our chat he arrives,

beaming, dressed in a smart grey uniform with the company emblem sewn on to the front pocket. A new Honda motorcycle - the ultimate symbol of arriviste Vietnamese - is parked not outside, but incongruously in the living room beside a chest of drawers.

Tran Thi Hien's family is perhaps lucky. But for millions of others in the countryside, where "industrialisation and modernisation" means little to farmers battling poverty, taxes, debt and the capricious controls of local officials, the vision of the future could be very different.

Echoes of that vision can be found in the writing of Tran Van Mai, whose account of peasant life in Thai Binh province half a century ago - entitled "Who Committed This Crime?" - was banned by French colonialists.

In it, he wrote: "Behind the green bamboo groves and next to families who every minute and second wrestled with death, there were still people who led a life of velvet and silk with all the conveniences and pleasures of time."

The family has been doing well since her son got a job on the factory night shift, checking assembled TV tubes. Not long into our chat he arrives,

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